

**BOARD OF MAYOR AND ALDERMEN**

**February 15, 2005**

**7:30 PM**

Mayor Baines called the meeting to order.

The Clerk called the roll. There were Aldermen twelve present.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, O’Neil,  
Lopez, Shea, DeVries, Garrity and Smith

Absent: Aldermen Thibault and Forest

Mayor Baines stated before we begin the meeting tonight I’d like to congratulate Jeff Eisenberg and the Manchester Monarchs and Tim Bechert and everyone involved in the American Hockey League for a spectacular event here in the City of Manchester over the past few days. The City really rolled out the red carpet and everyone involved in the magnificent event should be very proud of our City and the efforts being made to host events of this magnitude here in the City. So, congratulates on behalf of all of us.

Mayor Baines stated we do have a Proclamation I’d like to present and I’d ask Fred Rusczek to come forward.

**PROCLAMATION**

- Whereas,** the health of our children is of paramount importance to the health of our community; and
- Whereas,** dental issues are the number one chronic disease for children in the United States; and
- Whereas,** many children in Manchester are unable to access dental care; and
- Whereas,** educational programs that promote good dental health habits are instrumental in preventing dental disease; and
- Whereas,** the New Hampshire and Manchester Dental Societies, and the New Hampshire Dental Hygienists’ Association work collaboratively with the Manchester Health Department and others in the community to provide free dental care to children in need; and
- Whereas,** nationally, Children’s Dental Health Month is observed in February,

***NOW, THEREFORE, I, Robert A. Baines, by virtue of the authority vested in me as the Mayor of the City of Manchester in the State of New Hampshire, do hereby proclaim the month of February to be***

**Children's Dental Health Month in Manchester**

**and urge all citizens and community organizations to join in the observance.**

**In witness whereof**, I have hereunto set my hand and caused the Seal of the City to be affixed this 15<sup>th</sup> day of February 2005.

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Robert A. Baines, Mayor

Mayor Baines stated I would like to ask our Health Officer, Fred Rusczek to address this issue and also introduce others.

Mr. Fred Rusczek, Health Officer, stated through the years the City of Manchester has benefited so much from the contributions from dentists and dental hygienists and each year as the nation celebrates Children's Dental Health Month we think that we should take the opportunity to step back and give a thank you to the people who behind the scenes do so much to help Manchester's children with dental health needs. To my left we have Dr. Nick Skaperdas, Nick has been on the Manchester Board of Health for many years and Nick behind the scenes on the Board of Health provides guidance and support to the Manchester Health Department and through the years the contributions of folks like Nick on the Board who have made the dental program what it is today...to Nick's left is Dr. Doug Katz who is the President of the Manchester Dental Society and Doug has worked with us on many issues and I'll highlight just a couple in a minute and to Doug's left is Dr. Rick Vachon who is representing the New Hampshire Dental Society. Not with us today are representatives of the New Hampshire Hygienists' Society. But, together these folks collaborate with the Manchester Health Department in a few ways. One of them is nationally in February there is the American Dental Association Program...Give Kids A Smile...and many of the Manchester area dentists work with us on that and there's also "Dentist With A Heart"...who are dentists that come together, come out of their office or work in their office but we have 35 to 40 dentists in Manchester who annually will work to improve access to kids who need dental care. Beyond that we have a Manchester Health Department dental van that was provided to us by the Kiwanis Club, we have several area dentists who volunteer their time on a dental van to improve access to dental care for kids in Manchester. I just want to take this opportunity to thank the dentists and dental hygienists in the community for all that you do and convey that Manchester really appreciates your support. Thank you.

4. Presentation of the draft FY2004 Comprehensive Annual Financial Report (CAFR) and draft Management Letter by Scott Bassett of McGladrey & Pullen.

Mr. Scott Bassett stated I'm a partner with McGladrey & Pullen and we conducted the fiscal year end audit as of June 30, 2004 for the City of Manchester, New Hampshire. We met earlier this afternoon and discussed the financial results of the audit and what I'm going to do now is briefly go through the financial highlights, talk about the Management comment and

then open it up for questions. We issued the same opinion as we did last year...a qualified opinion on the government wide statements for the accounting treatment of the civic center transaction. We gave probably five (5) opinions in our opinion letter...the governmental funds, the general funds, special revenue funds and major funds...they all received an unqualified clean opinion. We also issued a paragraph stating that we do review internal control processes over financial reporting and if any deficiencies arise we would bring those to the attention of management. Those categories would be a material weakness, a reportable condition or a management observation. This year we had three management observations that we'll discuss a little bit later. Overall on a government wide basis, full basis of accounting for both your governmental and your business-type activities the City of Manchester assets exceeded its liabilities by \$407 million. The bulk of that \$407 million has to do with your investments in your capital assets net of...in a depreciation in related debt...there was an increase of \$24 million in those net assets from 2003 to 2004, \$11 million in your non-business type activities and \$13.3 million in your business-type activities. On the fund basis...I'll call it the budgetary basis...which is the modified accrual basis of accounting the unreserved undesignated fund balance was \$104 million for the general fund or 1.3% of general fund expenditures for the year. Another significant event during the year was increase in long-term liabilities. With the refunding of new debt being issued...we issued approximately \$200 million in new debt counting the refunding so the net new debt was about \$170 million and I bring that up...as we went out to the market we talked the last couple of years about the impact of fund balance and in certain other events the funding of your pension plan, the high collection rate with your Tax Collector and what effect that would have with the rating agencies and during the past year the City of Manchester received an upgrade from the rating agencies and you sit back and whatever the basis points that may factor into, we issued about \$170 million in debt which will have an impact for the next 20. Basically, the City was able to realize a lower interest rate because of that upgrade from the rating agencies and there are numerous factors that go into that to get that upgrade but history over the last three or four years getting upgrades is getting more and more difficult, more and more negative outlooks are being given to cities as far as AA or AAA ratings and the City of Manchester was able to obtain an increase in that bond rating which is again...numerous factors go into that including fund balance, your past collection rate, your pension fund, your per capita debt...so I have to applaud the City for that, that's quite an accomplishment. The general fund alone had a fund balance of \$25 million. As I stated earlier 1.3% of this is unreserved, undesignated meaning that we have approximately \$23.7 of the fund balance that is used for different aspect yet.

Alderman Shea interjected, Scott, maybe you could make reference to where you're working from, the page.

Mr. Bassett stated may I refer you to pages 17 through 30. Really, before the MD&A (Management's Discussion and Analysis) was provided in this CAFR...these are the things I would highlight as I presented a CAFR to a government body and on page 17 it starts off

about the more significant highlights which I touched on...it talked about the government-wide financial statements of \$407 million an increase of \$324 million from the previous year. We talked about the general fund and the governmental fund fund balances in the third bullet down and then in the fourth bullet we talked about really the general fund alone as far as the increase in the fund balance of \$2.2 million on the GAAP basis and \$223,000 on a budgetary basis. Also, a measure of the fund balance is the unreserved, undesignated fund balance against general fund expenditures which is 1.3% which is consistent...that's the fourth bullet which is consistent with the prior year. Those are the major financial highlights of the year. I guess flipping through that book which will follow my notes we can go right to page 21 and on page 21 what we're seeing here are the assets and liabilities of the City on the full accrual basis of accounting. As you can see there, our total assets for 2004 were \$1.2 billion as compared to \$1 billion from the previous year...as you can see our debt from the prior year to the current year...this year's debt was \$787,000 compared to \$586,000 in the prior year. As I mentioned we did bring in approximate net debt of \$170 million during the year. And the components of your net assets overall, the City had \$407 million as compared to \$383,000 in the prior year and the components of that are investments...your largest component of that obviously is the investment of capital assets and other related debt in accumulated depreciation of \$338 million from this year compared to \$309 million last year. Our restricted assets of approximately \$57 million compared to \$59 million really are restrictions that are externally restricted outside of the City. We had debt covenants out there and things of that nature that will restrict these assets and the use of these assets and unrestricted net assets on an overall basis was \$11 million as compared to \$14 million in the previous year. Turning to page 22 again these are probably statements you only see once a year, these four accrual basis of accounting so these numbers are quite large and we'll get into the fund statements that are more common place and what you discuss during the year. But, here again the governmental activities which are you non-business type activities we had an increase in fund balance of \$11 million and our business-type activities we had an increase of \$13 million given as an overall increase of \$24 million in the current year. That was compared to \$37 million in the prior year and the biggest impact on that is in the prior year we received some governmental grants that came in and in time many of those grants affected the total net assets. On pages 24 and 25...again on the sole accrual basis of accounting discusses the sources of revenue of both business type governmental activities. I believe the percentages are consistent with the prior years as far as the components of how we measure revenues...60% from revenues for property taxes, auto registrations and franchise fees we'll call those general revenues and receive 19% from operating grants, then 17% from charges for services and finally, about 3% on revenues that was derived from a combination of investment earnings and we had one large sale of a capital asset during the year which makes up the bulk of that percentage increase. In the next bullet down on page 24, we talk about business-type activities...the Water Works assets increased by \$1.7 million, EPD increased by \$1.8 million and the Aviation net assets increased by \$4.9 million. Aviation fund capital contributions amounted to \$.8 million, a decrease from \$25.5 million the previous year that relates back to, as I discussed, the change in your fund balance from

one year to the next what would make it comparable. On the governmental basis...we'll talk about the general fund and then we'll go into the proprietary funds...overall, the governmental funds reported ending fund balance of \$154 million, an increase of \$32 million from the previous year. All that has to do with that is the timing of receipts of your bond process, your bond proceeds...we measure those as other financing sources in this type of financial statement. The general fund as we know is the chief operating fund of the City...as mentioned unreserved/undesignated fund balance of \$1.3 million for the year and the fund balance in total reached \$25 million. I guess I'm just going to send you back to page 83...which is our comparative balance sheet from one year to the next for the general fund on the modified accrual basis of accounting. As you can see there our assets increased by approximately \$7 million, our liabilities increased by approximately \$5 million in a total fund equity increase by \$2.3/2.4 million and then the components of what you had reserved and designated are presented on a more detailed basis on this page. Major swings as you go down through, I believe the general liability insurance increased, special revenue increased by approximately \$3 million and that had to do with the one time tax sale and then the revenue stabilization fund remained constant at \$9.6 million and our undesignated fund balance of \$1.3 million remained constant and consistent with the prior year. The Manchester Airport continued to experience real passenger growth during the year...operating income rose from \$4.7 million to \$6 million in the current year an increase of 27% and was due to parking revenues which is a direct correlation with increased passenger growth. Water Works has \$63.4 million as compared to \$61 million of net assets from the prior year the bulk of that being your investment in your infrastructure assets. EPD remained relatively flat with \$145 million ending as of June 30, 2004 and capital contributions increased by \$1.7 million for EPD during the year. On the budgetary basis, pretty consistent with prior year...you had planned to use \$1.6 million for fund balance during the budget process...actually revenues came in over expenditures by \$223,000, so from a budgetary standpoint instead of using \$1.6 million we increased by \$223,000, so we had a net surplus of \$1.8 million for the year. That coupled with the increase in capital assets and increased with debt are the highlights I wanted to point out this year. Your tax collection rate was pretty consistent with the prior year, your pension plan which up until two years ago was pretty much unfunded remained funded now that the pension obligation bonds were issued two or three years ago at approximately 92% and overall...fund-by-fund basis you take a look at City...the only fund with a large deficit balance would be the Aggregation fund and it's approximately \$1.7 million in the current year...funding that fund through a loan from the general fund on a current basis and I guess as I take a look at that fund management has to decide whether that fund will ever have the ability to repay the general fund...at this point the general fund fully reserves that so it's not taken into account as far as you looked at your fund balance...that's up there in that reserve so we don't measure it with the unreserved fund balance and what the purpose of the fund is. It has grown from year-to-year, so take a look at that, I'm sure you all have and I guess I'm not telling you anything new here but from an auditor we're bringing that up to you. From the operational side we had three management comments during the current year and two are repeats from last year

and one is an item that we know at Water Works...number one and number two really go together and I talk about this every year...the cost benefit relationship with these type items...you have non-tax revenues collected at various locations throughout the City and we're not getting that information into the centralized computer system on a timely basis. What we're suggesting is that you take a look at that and see if you can record that information on a real time basis. There are cash registers in every department, is quite expensive...but, we bring that up to you as an observation. It's not a material or reportable condition because there's not a whole lot of cash that goes through those operations but we bring that up to you. Something that goes hand-in-hand with that when you talk about staffing has to do with a proper segregation of duties in some of these underlying departments and again we take a look at the purchasing and make sure that the same person isn't reviewing and receiving and approving all purchase orders. The third comment we had this year as we did our testing on inventory...basically, you go through and see what's recorded and we're always testing to make sure that inventory isn't overstated. In this case, at Water Works they were not recording the inventory at the lower across the market but basically they had the purchase price for certain inventory items that was recorded at the lower market instead of being recorded at the actual cost that they paid for it currently. So, their records hadn't been updated to reflect the current cost of an item as it was brought into an inventory and I understand now that that is being corrected. With that I'd be happy to entertain any questions that you may have on the CAFR.

Alderman Lopez stated in reviewing the report and listening we, as a Board of Directors, have to make some tough decisions, tough calls and I'm sure you audited other municipal corporations...since we're going to be talking about report cards in our next subject, how would you rate the Board of Directors of the City of Manchester in this financial report.

Mr. Bassett replied I think the best report card would be the upgrading of your bond rating. They look at other factors, I'm looking at your financial factors here which in my opinion are positive results throughout the City. Take that coupled with the upgrading when they're looking at your grand list, your debt per capita, the funding of certain pension plans I'd give the City of Manchester very high marks.

Mayor Baines stated, Scott, we talked about this this afternoon in our meeting, this upgrade...I think when it happened in the City my impression was...a lot of people...what's the big deal about it and I heard you say this afternoon and have repeated it this evening, this was a big deal that we received that upgrade.

Mr. Bassett stated if you think about it it's like financing a house out there for 20 years and you're always looking to shop for the lowest interest rate. So, the way a municipality goes after the lowest interest rate without buying insurance and things of that nature is their upgrading. The rating agencies which are three or four of them is to take a look at the structure of the City and the number one factor is its ability to repair their debt and there's

not just one item that has an impact in that decision...it's two, three, four, five items they go through and one could bring down the other. Since I've been here the collection rate has remained stable, remains high and I believe your grant list has grown, your debt per capita pretty consistent...you funded your pension plan by issuing pension obligation bonds...your business-type activities like...your Aviation fund, EPD and Water Works...they all add to that and the fact that they're maintaining your fund balance and have the ability when you have to to raise taxes which is a key factor. So, those go hand-in-hand really are a positive reflection on the City and that's what I call the operational side that go beyond this CAFR and when those folks look at it in New York there's a lot of benchmarks they look at so to receive an upgrade is a positive where I know that I deal with a lot of AAA communities in Connecticut and they're all scrambling just to keep those AAA ratings, so they don't upgrade as often...they're given more negative outlooks in my opinion. So, to get an upgrade in this economy was a positive for the City.

Alderman Shea stated you did mention at the Accounts meeting about the significant accounting policies and alternative treatments and it might be helpful to go into those GASB's...I know you mentioned forty-five and forty.

Mr. Bassett stated note 14 on page 81...two or three year's ago I was talking about GASB (Governmental Accounting Standards Board) 34 and you couldn't wait for me to stop talking about that. So, what we're going to hear about now for the next couple of years are GASB 43 and GASB 45 and that has to do with accounting for post employment benefits other than pension and 43 establishes a trust which you don't have to do that but what 45 does is it makes the City similar to how we account for our accrued liabilities and our pension plan this long-term liability for knowing the retirees that are receiving the benefits but future employees are employees who receive those benefits in the future and to get an actuarial calculation on what those benefits could be in the future. The impact, as I mentioned this afternoon is that right now under GAAP the report as you go basis, basically if you have a retiree who receives the benefit you account for that. As I understand in the City of Manchester you have retirees can pay the COBRA rate or their premium rate...the impact it will have on the City is that that's not a true measure of what that's costing you because you're self-insured. So, what's going to have to happen is I'm paying a premium of \$1,000 for my family but I'm in an age bracket that experienced more than that \$12,000 a month the City is really funding that with current cost of the fund future benefit. So, that is the type of measurement the City is going to have to take a look at and fund these plans on an on-going basis. So, the impact of it, I don't know. I've heard some cities say hundreds of millions of dollars, I don't believe that is going to be the case here in the City of Manchester, but it could have significant impact of that number being presented for the first time although it won't have an impact on your balance sheet per se that number will be disclosed whatever that future benefit is in the body of the footnotes.

Alderman Roy stated in your summary letter you included three observations and recommendations...dealing with the first two which I'm very glad we only had three and thank you for a good job in doing this...looking at the first two observations...strong recommendations particularly with more interest toward the second observation (central purchasing).

Mr. Bassett stated I wouldn't consider them strong. What my responsibility is is to bring out...if I see a weakness, if there was a strong...again, I categorize my findings as a material weakness or a reportable condition on observations or management comments. These are at the management comment level and if management decides to keep these controls as they are I probably wouldn't repeat those in another year or so...I bring them to your attention just for your information. Now, if it was a department, which is collecting a significant amount, of revenues obviously those would be notched up a level and we would keep talking about those. The comment you made is a reflection on the controls over the whole City, we looked believe me. We look at every department and not that we light to knit pick but we don't have...and especially with the City of Manchester there's really no discussion over the management comments that we draft up. We draft them up, we present them to management, make sure our facts are correct and we report them...there's not a process that goes on...give-and-take, take out...they are very receptive to our comments which is a by product of the annual audit.

Alderman Gatsas stated you talked about \$200 million of debt, \$170 million of that debt being new debt. Do you have a breakdown of what that new debt is?

Mr. Bassett replied I believe \$101 million of it has to do with the School Facilities Improvement to the schools which was actually financed as a sort of revenue bond for future taxes or designated to pay those bonds...that was \$100 million of it. I believe we had money for the new baseball stadium I believe was part of that and there's one other significant item that I'm missing maybe Kevin or Randy. I'm talking about \$170 really had to do in the governmental fund activities...I know the baseball and the schools were the two biggest parts and there's one other that's a little bit bigger than the other but I just can't recall off the top of my head.

Alderman Gatsas stated what was it Kevin, I didn't hear you.

Mr. Kevin Clougherty, Finance Officer, stated there was \$60 million roughly debt issuance that included the baseball stadium as well as our regular improvements for roads and parks and everything else that was in there and then there was a refunding during the year too that's probably being included, but we can give you an itemized breakdown if you'd like that, that's no problem.



Alderman Gatsas stated I think what he said was there was \$230 million of that was a refunding.

Mr. Bassett stated \$25 million was a refunding this year so we had \$170 total new debt...bonds that went into the market and then 425 million that we swapped a debt for a lower interest rate.

Alderman Gatsas stated you can give us a copy of that Kevin what it is.

Mr. Clougherty replied I'll give you a breakdown, Alderman.

Alderman Gatsas in reference to Aggregation asked can you tell me what the Aggregation account has been growing since you've been doing the audit and what would your professional opinion be for the City to take care of this lingering debt.

Mr. Bassett replied I'm not sure of the growth but I believe it's probably between...I'll just average out \$50,000 a year...I know one year it may have been higher than the other, but I think the purpose of the fund and the attempt of the fund maybe has to be looked at. Typically, we have that set up as a business-type activity right now and the intent of a business-type activity is to be self-supporting. Basically, your fees are going to come in to take care of the expenses going out and obviously that is not the case with Aggregation. So, my suggestion is ready to examine the intent. I'm not going to tell you if you need the fund or if you don't need the fund, but should the fund be self-supporting and should management decide to fund it in another avenue or should they structure something fee structure in which is can be self-supporting now...will it ever have the ability to pay the \$1.7 million, I think that's a decision that has to be discussed at some point and if not then an accounting entry has to be made to recognize that. In my second part review it does come up, we do talk about that but the offset is really that we reserve that fund balance in the general fund but the bigger...or what we talk about is the purpose of the fund and truly the intent of the fund, is it going to be self-supporting and can it be self-supporting would be number two.

Alderman Gatsas stated, Scott, when you talk about self-supporting I guess we can take a look at the future and if you know the future then you should tell us what the conditions of this City is, but obviously the Aggregation fund has been there for a while, it was under the understanding that we were going to get into a program that was going to repay it. If you say that we have the funds in the general fund to pay the debt or to cover the debt then maybe we should just write it off and be done with it.

Mr. Bassett stated that's one possibility.

Alderman Gatsas asked what's another?

Mr. Bassett replied you get a revenue source that can pay off the debt. Those are you two possibilities, right. If there's revenue source out there where that fund can become self-supporting and help pay off the debt then that would be the second option, but really if you look at it (all kidding aside) you can see that that deficit has grown, we count it as a due to, due from from the general fund and it is growing year-to-year. So, you have to take a look at it and make a decision on the fund as far as is it going to start anew...and I think when that fund when I started probably the deficit in there has already grown to a significant amount probably four or five years ago, but I'm not sure if the creation of that due to, due from resulted in the start up costs when you thought you were going to get into the energy business. Since I've been here it continues to grow, so are you ever going to recoup those initial costs, I don't know.

Alderman Guinta stated a question for Kevin. Who would be the most likely individual or group of individuals to determine if there is going to be a revenue source for that fund?

Mr. Clougherty replied, Alderman, I think that's something that we should be discussing with the Energy Committee as part of the budget process upcoming. As has been stated by both Alderman Gatsas and then Scott the Aggregation Program was created at a time when it looked like this country and this region was going to go into a deregulation of the energy industry and had that happened then the revenues anticipated would have been forthcoming. There is discussion now, it's one of those things that goes around, comes around...there is discussions as part of energy policies in Washington where the word "deregulation" is starting to surface again. You're starting to see advertisements on Massachusetts television talking about the fault rates so I think you have to distinguish between two things...the program and keeping the program available in some capacity so it's available when we get into a deregulated arena, if we do. But, at the same time trying to take care of this initial debt. The debt, for the most part, was a result of the City's payments for consultant services to go up and argue before the PUC (Public Utilities Commission) and put in place the structure and it's about half the cost for the consultant and half the cost for interest I think that was charged by the City for the capital advance. Now, you can do it and I've had discussions with Scott on this...you don't have to do it all in one year, you could probably do it over a series of years and try and do it so that you adopt a program over time to take care of the deficit and not do it all in one full swoop depending on how your budget's are coming in and your revenues and your revaluation efforts. So, I think it's a discussion worth having, I think it's one that we have to sit down and take a look to the future. We still have energy is one of our...after salary, wages and benefits...it's still one of our biggest cost items and whatever we can do to get it controlled is going to be important in the future, so we need to have these discussions.

Alderman Guinta asked, Scott, if we don't do anything at this point and the debt increases over time what are the potential impacts to the City?

Mr. Bassett replied right now with your general fund and fund balances probably not a large impact but I do think again you have to question then is it really a business-type activity. At some point, that decision has to be made, it's just a self-supporting fund and if it isn't we have to do something about it because right now obviously it's grown...you're not gaining cash from operations and so maybe we have to look at the true intent of this fund although the intent was for it to be self-supporting but what is really actually happening with this fund it may be transferred over to a governmental-type that is just thinking down the road but that's probably what you'd have to talk about.

Alderman Guinta asked what did we say it's at right now, did you say \$1 million?

Mr. Bassett replied \$1.7 million.

Alderman Guinta stated you said it's going up \$50,000 a year.

Mr. Bassett stated you can look...what's the fund costing you as far as from an operational standpoint, from a true cash standpoint...net cash used in operating activities for that fund for the year was \$56,000. The net loss on that fund was \$118,000 this year. So, from a cash standpoint it would be non-cash activities but from a true cash standpoint \$56,000 was the cash used in operating activities in that fund this year.

Alderman Guinta stated one appropriate measure would be to dissolve this debt over a period of say four years.

Mr. Bassett stated you could budget in a transfer each year, going over to that fund within your general fund budget or whatever fund that you had to take care of that. You can do it over two or three years, you'd eliminate that, you could write off the due to, due from from a true accounting entry but it's definitely a GAAP entry and I'm sure if it's a budgetary entry at that point...there's a number of things that you can do but \$1.7 million isn't material when you look at...and you have to remember we're measuring this against all of your business-type activities and all of your funds together. So, is it a material number, no. But, is it something that you can consider, yes.

Alderman Guinta stated you said there was \$56,000 in operating...

Mr. Bassett stated if you go to page 101 of the booklet...

Alderman Guinta asked, Kevin, was that accurate...\$56,000 or are there other operating costs that are not included like salaries...

Mr. Bassett stated I'm talking about a true cash flow from cash that goes in and goes out from \$56,000 and then there's the reconciliation that will take you from the operating

income, operating loss to the net cash used on page 101 also. If you take a look at the bottom third of page 101, we have an operating loss of \$98,000 but we have non-cash transactions like the depreciation of \$41,000 and just a few other ins and outs but that takes from \$118 on operating loss down to the cash loss I guess...the net cash used in operations.

Alderman Guinta stated theoretically that loss should increase every year. Assuming everything stays the same you're not going to be able to depreciate the same amount next year.

Mr. Bassett stated depreciation may go down next year...you're depreciating over a straight line method and as you run the course of your assets it should be pretty consistent to the assets are fully depreciated.

Alderman Porter asked, Kevin, when was the Aggregation started...94/95.

Mr. Clougherty replied I don't remember off the top of my head.

Alderman Porter stated I do. I was here, not on the Board at the time and I recall...

Mayor Baines interjected 1997.

Alderman Porter stated...1997...after the millions of dollars that was spent on consultants the City of Manchester was involved and it wasn't Aggregation, there was no program, it was restructuring because of deregulation. After spending all of this money on consultants the City of Manchester was thrown out as an intervenor by Judge LeGault in Rhode Island, we had no business being in there. I do recall an individual representing the Finance Department sitting in that chair telling us the reasons we're spending all of that money is we want to be poised to hit the ground running. Well, it must have been a heck of a long way down because we haven't hit the ground yet. If this were private business that project and program would have been long gone probably along with the people who recommended it. The problem we have is the Board changes...I agree the initial intent may have been valid but it is about time that this board bit the bullet and I know the fingers will be pointed at us because we're elected and if it has an impact on the tax rate we're the ones that are going to look bad. It was a bad program from the inception, we spent millions of dollars and we have no chance of ever getting it back. Ford came out with the Edsel, it was a failure, they did away with it. This should have been done away with many, many years ago but the Aldermen have been intimidated by the thought well if you do you gotta pay it back. Well, so what. We have to bite the bullet otherwise we're going to continue the irresponsible behavior that got us into this trouble to begin with. Thank you.

Mayor Baines stated we haven't even started discussing the budget yet, I can't wait.

Alderman Lopez stated and we're going to have more discussions about this...let's leave that discussion for another day...the revenue stabilization account...if we were to take and balance that off, that loss how would it matter to look at that.

Mr. Bassett replied as long as it was done through a management decision we would look at it as a proper accounting. It could be...that wouldn't affect us as long as it was GAAP we would just audit that transaction and doing it that way would be acceptable under Generally Accepted Account Principles (GAAP).

Alderman Lopez stated that would be sound management.

Mr. Bassett stated I don't make management decisions. I don't know you're whole policy on the management of your fund balance, so...

Alderman Lopez stated I'm looking at the whole picture of how we get the bond rating and for another day...when we have the special revenue and tax stabilization and reserve account if we would balance that off.

Mr. Bassett stated I just don't know all the plan uses for those fund balance but I will say that is a mechanism in which you could reduce that deficit without knowing what those reserves are all for.

Alderman Gatsas stated I guess the biggest question I have is what are we depreciating at \$41,000 a year? What does this account, what does this Aggregation center own?

Mr. Bassett stated we don't have a whole lot left. We only have \$288 worth of assets left, so as far as the amortization and the depreciation, so I don't know the specifics of that off the top of my head.

Alderman Gatsas stated, Kevin, can you help me with what possibly we could...

Mr. Clougherty replied I think there's some computers and copiers and things like that that were needed in the beginning of the program, Alderman.

Alderman Gatsas stated we're taking \$41,000 a year on.

Mr. Clougherty stated we'll have to go back and take a look at that. I can give you a breakdown, I don't have work papers in front of me on that.

Alderman Guinta stated I remember during the last budget cycle we had a vote on this and it seems to be getting closer and closer every day for doing away with it. So, maybe it will happen this year. But, the question I have is relative to cash flow from non-capital and

related financing activities. Can you just explain...as I read this and maybe I'm not reading it correctly, but as I read it it says...on page 101... "short-term cash advance to and from the City for the amount of \$76,000" and then we paid interest on that...\$20,000...

Mr. Bassett stated correct. You had an inflow, an advance from the City of \$76,000 into the program...

Alderman Guinta stated and the program paid \$20,000 in interest on that \$76,000.

Alderman Guinta stated so the net cash...so the minus \$56,000 that we're talking about loss is actually much more significant isn't it. If I loan myself \$76,000 and then I pay myself \$20,000 in interest payments...

Mr. Bassett stated you don't pay yourself...you're paying the other fund.

Alderman Guinta stated so the City is lending the Aggregate Program \$76,000, the Aggregate Program is then paying who \$20,000 in interest.

Mr. Bassett replied repaying the City.

Alderman Guinta stated so when you say that there is a net operating loss of \$56,000...

Mr. Bassett interjected I'm saying there's a net use of cash of \$56,000 from operations, not a loss. Your net operating loss was actually \$98,000. The \$56,000 is a use of cash from the drain of cash...

Alderman Guinta asked is that a 30% interest rate?

Mr. Bassett replied no, it's on the \$1.7 million.

Alderman Guinta stated maybe this question is for Kevin. Why are we lending the program \$76,000, Kevin?

Mr. Clougherty replied what happens on the program is until it's generating revenue when you adopt budgets you're advancing cash from the general fund to the extent that there are dollars spent on that. Anytime the dollars are moved between one fund whether...you may recall years ago we advanced funds to EPD or we advanced funds to Water...we charged the enterprise interest at what it would have been if we'd had those dollars invested. As I had said earlier, the large part of the deficit is attributed to those interest charges and we can give you a breakdown, we've brought in an intern to do some work in reconstructing some things here so that you'll have some information when we deal with this in the budget process.

Alderman Guinta stated so I understand that the City is lending a program that's defunct and not making money...we're lending that program money.

Mr. Clougherty stated right.

Alderman Roy stated two very brief questions...first one for Kevin. Kevin, the third line on page 101...cash payments to employees for services...who does that entail at \$89,340, is there anyone filling that position now?

Mr. Clougherty replied I don't have the book in front of me, are we still on Aggregation?

Alderman Roy replied we're still on Aggregation.

Mr. Clougherty replied that would be the Director's position that would have been Tina Parsons.

Alderman Roy stated and if through the budget process we were to fund that...if that number instead of \$89,340 was \$1.00 how would that affect our bottom line?

Mr. Bassett replied you would have an \$11,000 loss at that point instead of \$98,000.

Mayor Baines stated thank you very much, Scott, and we'll see you in another year.

Mr. Bassett stated in closing the City overall is sound financial results, sound management and the fact that maybe we should take a look at some of the positives and there's a lot in here and we'll see you next year.

**5. Presentation by Health Officer regarding the Public Health Report Card.**

Mr. Rusczek stated thank you for the opportunity to come before you tonight and present the latest version of Manchester Health Department's Public Health Report Cards. Instead of giving a powerpoint presentation tonight we figured we'd come with a blown up display of the report cards because each of the Aldermen have a set of the report cards and a prologue on your desk and for others this information is available on-line at [www.manchesternh.gov](http://www.manchesternh.gov) and for folks who would like a copy on CD ROM we have those available as well. With me today is Anna Thomas who is the Manchester Health Department's Community Epidemiologist. Assessing the health of the public has always been a core function for our local Health Department. Years ago such assessment was regularly presented in detail with voluminous tables/reports. If you go back to the 1885 Board of Health Report for the City of Manchester you'll see tables of five, six pages in length showing all of the causes of death and this is how we had presented our information for many years, however, in the 1980's and upon

seeing economic report cards that were prepared by John Hoben, at the time, we go the idea that presenting health information in a little more easy to read approach would be a more meaningful presentation for most audiences. So, in 1997 we came out with our first set of Public Health Report Cards...each report cards were at the time...identified by the U.S .Centers for Disease Control as an exemplary model in the country. The report cards that we produce get used in a few ways. First, the information helps community agencies and health care providers understand the health issues and needs of the City. Second, the information on the report cards supports agencies' requests for grant and funding requests and, third, the information on the report cards provides an overview of some community health issues to be used in the formal community health improvement process with groups such as the Healthy Manchester Leadership Council or groups such as Manchester's Weed and Seed Program. In fact, if the report cards don't lead to targeted community action to improve health all the work is for not and, fourth, the report cards allow the community to measure improvement in health as we go forward and to also see where more work is needed or when a change in the approach that we're taking to improve health is warranted. I've asked Anna Thomas to come tonight to give a quick overview of the reports cards and the other information in your packets.

Ms. Anna Thomas stated let me just call your attention to the folders that you should have received at the beginning of the meeting. On the right-hand side of the folders there's just a couple of things I want to point out to you. One is an introduction report that should give you a nice socio-demographic profile of the City and it's something that highlights some of the issues that we want you to keep in mind as you start to look through the health conditions that are presented on the Public Health Report Cards. We also try to geographically display some of the information so you can orientate yourself to where some of these issues are presenting themselves in the City. In the envelopes that's on the right-hand side as well...that's the actual Public Health Report Cards...there are 14 issues that are highlighted. Some of the things to look for when you're reading the Public Health Report Cards...basically, we try to take the City of Manchester and compare it to other geographic levels whether it was the state or other communities or the national level just to benchmark the community and so you could take a pulse at to where the City is at. There's narrative as far as what are the public health implications if we don't remedy these issues in the City and then on the backside we tried to put some economic impact information for you as a reference and also recommendations for the community and recommendations for the individual...these recommendations are based on some of the soundest evidence practices that we have available to us that have been proven to measurably improve community health. The final piece that I just want to call your attention to is on the left-hand side of your folders...there is an evaluation form and what we are trying to do is ensure that this information is widely used and disseminated in the City, that it's helpful and that it's doing what it set out to do. So, any feedback you have or if you have questions we welcome that and we encourage you to contact the Health Department and either Fred or myself and we'd



like to provide you with any other information you might need. So, thank you for the opportunity to share them.

Mr. Rusczek stated in closing there was a team including folks from the community that worked on these Report Cards. One of the parts about working in public health in Manchester that I've always enjoyed is the strong support and collaboration with the community hospitals and health care providers and social service agencies. So, we've given all of this to you in a packet form because we think it makes wonderful nightstand material to read before you go to bed but I think you'll find that the information that's contained within is important and it's packed with information on our community and if there are any questions we'd be happy to answer them.

Alderman DeVries stated maybe you could talk about the lead poisoning issues we've had in the City and I'm not referencing the recent influx of refugees who've been more susceptible to lead poisoning but it's been a general effort in the City to try to identify and improve the multi-families and other homes where that's been an issue...and I'm just wondering are we making progress, has the funding been there to properly address that situation.

Mr. Rusczek stated thank you for that. It is true that when we look at refugee children that the percentage of refugee children become lead poisoned is greater than the percentage of children who might not have malnutrition. But, lead poisoning continues as a concern in our kids anyhow and about 80 children last year were lead poisoned in Manchester. A couple of weeks ago the Healthy Manchester Leadership Council convened a meeting to come up with some action steps and in the next few months there will be some tangible things that can be done. With the support of the Dartmouth College Center for Environmental Health and the Vermont Law School we've looked at laws in other states to see what can be changed in state laws that might be more of an encouragement to invest in property rather than wait until the child become lead poisoned. So, we are working on it...lead poisoning continues to be a concern in Manchester and we're hopeful that we'll be able to turn the corner in the near future with better approaches to preventing lead poisoning.

Alderman DeVries stated as a quick follow-up I'm sure myself and Senator Gatsas would love to work with you on that legislation.

Alderman Smith stated I'm very interested in the Tobacco Use Report Card, I notice Manchester at the age of 13 is 43%, New Hampshire is 23% and the United States is 22%...why is it so excessive in Manchester

Ms. Thomas replied it's tough to say. Part of it is an access issue. I think if you go anywhere in the City you'll see very young individuals smoking freely in the City. I know the Manchester Police Department is very proactive about scooping these kids up. As part of our intervention work we've tried to design consequences for these youth but they're not as

severe as they probably could be to discourage the use. There's other things like parental use and what's happening in the home. We found that a lot of the parents as they're smokers and setting that example for their children tend to look the other way if their children initiate the use of tobacco. We've also seen mothers smoking during their pregnancies which is alarming because about 1 in 4 actually smoke during their pregnancies and those are the ones that are willing to report that they do. It's an addictive behavior, it's a chemical dependency just like other substances and it's one of those things that once that initiation starts it's very hard to quit and for anyone who's ever been a smoker they can probably tell you that it's a very hard road. So, I think, as far as the City is concerned we haven't really been able to dedicate significant funds to preventing tobacco use...not only in the City but in the State of New Hampshire as you probably well know all of the tobacco settlement monies that have become available to New Hampshire are not available for tobacco prevention efforts they're designed to balance the state budget and that really disables us to be able to go out and be effective and move the community towards really preventing the initiation of tobacco use. It has been proven that if you are able to prevent tobacco use in youth under the age of 20 that basically you prevent them from becoming smokers at all. So, that is really the group that we're mostly concerned with...the younger we can get at these folks, the better health outcomes we can ultimately have.

Mayor Baines stated I've attended a number of forums on this issue and state's that had money were addressing toward the media campaigns, community campaigns that really made a difference on that issue and when the funding went away it went back up plus we're dealing with one of the most addictive drugs in use today and a lot of people don't recognize that nicotine is an addictive drug and when people get hooked on it it's very difficult to get off.

Alderman Smith stated to follow this up. Is it because...I'm reading down here...it says...students that purchase their own cigarettes in a store...it seems like it's easy accessibility in the City of Manchester compared to the State and the country and I was wondering are there any programs at a lower level that you do or the School Department does to try and discourage the youngsters from smoking.

Mr. Rusczek stated we were given about a \$16,000 or \$17,000 grant from the State and that grant funded not only Anna part-time but some sting operations, if you will, with the Police Department to go out and to try to make certain that vendors wouldn't sell to youth. It is a great concern to us that kids are smoking more and what troubles me is when you compare Manchester to the State and more of our kids are smoking, but without resources to target it kids will pick up the habit and continue on.

Alderman Lopez stated I think the Report Cards are great maybe once-a-week we could get one on MCTV so that the community could look at it and maybe they could leave it on there for about five minutes or so and turn it over. How do you get...a lot of this pertains to the

schools...like the overweight, the exercise and all that...how do you interact with the schools to make sure that the youth...because that seems to be a big thing in the country now that they're eating the wrong stuff in the schools and stuff like that...could you just elaborate a little bit.

Mr. Rusczek stated, Alderman that's a great question too. I'm very proud to be in Manchester where a few years ago we began to tackle the issues of overweight and obese children and children with lack of physical activity. Through a community collaborative known as Get Moving Manchester has received very broad support from the School Board and School administration. We've worked with the school health educators to improve education around these issues in their educational offerings and this School Food and Nutrition Services has greatly changed their menu and accessibility to snacks such as sugared drinks, sodas and stuff. So, I think Manchester is doing an awful lot compared to other communities and again as I said I'm very proud that Manchester is. We have a long ways to go though. We have to make certain that we find ways to improve access to outdoors and park areas for kids to be active and we have to look at Manchester as becoming a livable, walkable city where people choose to walk instead of use vehicles and stuff. A number of environmental changes down the road...we're beginning to progress on developing some plans of vision in that area.

Alderman O'Neil asked would it be fair to prioritize the 14 items you talked about this evening or are they equally issues of importance in the City?

Mr. Rusczek replied there are 14 issues...they're not necessarily intended to have any one of them be presented as the most important. If you look, for example, if you try putting things in categories...the number one environmental health issue for children is lead poisoning followed very closely by asthma. If you look at personal behavior and certainly the two that have been highlighted here today...nutrition/physical activity...as well as tobacco comes under behavioral habits. We also haven't highlighted around substance use as well. So, it's hard to categorize...this should be the top one, we should take all of our efforts...we try to encourage the community collaboratives to look at all of them together and begin to peck away at them.

Alderman O'Neil stated the other three items says for Future Public Health Report Cards...is there just not a lot of information out on those three areas now.

Mr. Rusczek stated we will be issuing new Public Health Report Cards as soon as we have data that we feel is something we can take to the bank, accurate data and as soon as we know that there are models of programs that have been shown work. On the report cards when you read the sections...what works for the community and what works for the individuals...those are not just drawn from a hat, those are evidence base models that come out of the U.S.

Centers for Disease Control. So, as soon as we have that information we'll issue new report cards.

Alderman Osborne stated in general diseases is there an increase...you say this year over last year...diseases or sicknesses and which ones.

Mr. Rusczek stated if you look at these report cards the piece that doesn't show...the roll of the Health Department is to protect and promote health. A lot of this is promoting health...the protection piece that you're referring to is Manchester exposed to more infectious diseases today than say 10 years ago and the answer is yes and it's really for multi-factors. We are becoming a more global society and we're watching what happens across the country everyday and public health staff receive a daily update from the Centers for Disease Control. So, for example, what we don't talk a lot about but has been in the press...we watch what's happening with the Avian Influenza in Southeast Asia because that could be only 24 hours away from being introduced here. We learned a few years ago that SARS could be introduced to the United States as easily as it was to Canada from business travelers through China and as we become a more global society we seem more migration from folks including refugee populations and immigrants that are introducing us to new health issues to us but issues that we're conquered in the past and are now reemerging with the changing demographics of the community. We stay on top of that and we're very fortunate that a couple of years ago the Aldermen allowed us to reorganize to hire a Medical Director with some outside funds and to also reorganize and eliminate some positions and hire a Pediatrician. We are working much more closely with the medical community on surveillance issues than we ever have in the past and I feel we're doing a pretty reasonable job of it.

Alderman Shea stated first of all I want to compliment one of your staff, Susan Gagnon, I watch her on TV she does a wonderful job, she really does and I do watch that program. The second point, Fred, is at one time the schools did not have nurses in each of their schools and now I'm assuming because of the progress we've made that they are receiving the proper kind of nursing help as well as parochial schools and so forth.

Mr. Rusczek stated the parochial schools are not supplied with nurses from the Health Department as in years past, but in the public schools they have nurses. We still include them in trainings and everything we offer so that we continue to work as a community-wide system. In the public schools we've grown from the days of about 14 school nurses in the community in total that you recall to where we now have about 30 school nurses, so there's much better support.

Mayor Baines stated congratulations. We have an outstanding Health Department and we're very proud of your leadership for that department, thank you very much.

## **CONSENT AGENDA**

Mayor Baines advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

### **Informational – to be Received and Filed**

- B.** Communication from Deputy City Clerk Johnson submitting the Conduct Board's report that pursuant to obligations under the provisions of Section 9.04 of the City Charter it has issued an advisory opinion to the Board of School Committee as enclosed.
- C.** Minutes of the MTA Commission meeting held on January 4, 2005 and the Financial and Ridership Reports for the month of December 2004.

## **REFERRALS TO COMMITTEES**

### **COMMITTEE ON FINANCE**

#### **E. Resolutions:**

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Ten Thousand Two Hundred Twenty Five Dollars (\$10,225.00) for the 2005 CIP 810305 VISTA Coordinator Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Two Hundred Nineteen Thousand Eight Hundred Dollars (\$219,800) for the CIP 613205 Downtown & Economic Strategies Report.”

“Amending the FY2005 Community Improvement Program, transferring authorizing and appropriating funds in the amount of Forty Five Thousand Dollars (\$45,000) for the 2005 CIP 510305 Parks & Recreation Master Plan Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Six Thousand Nine Hundred Twenty Three Dollars and Eight Cents (\$26,923.08) for FY2005 CIP 411605 2004 Homeland Security Grant Program.”

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Fifty Thousand Dollars (\$150,000) for the 2003 CIP 712103 S. Mammoth Sewer – Phase 3 Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY2001 CIP 840001 MCTV-PEG Access Grant Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Two Million Dollars (\$2,000,000) for CIP 730201 MAA – Property Acquisition Project.”

## **REPORTS OF COMMITTEES**

### **COMMITTEE ON COMMUNITY IMPROVEMENT**

- G.** Recommending that the Board authorize acceptance and expenditure of funds in the amount of \$50,000 for FY2001 CIP 840001 MCTV-PEG Access Grant Project, and for such purpose a resolution and budget authorization has been submitted.
- H.** Recommending that the Board authorize transfer and expenditure of funds in the amount of \$150,000 for FY2003 CIP 712103 South Mammoth Sewer – Phase 3 Project, and for such purpose a resolution and budget authorizations have been submitted.
- I.** Recommending that the Board authorize acceptance and expenditure of funds in the amount of \$26,923.08 for FY2005 CIP 411605 2004 Homeland Security Grant Program, and for such purpose a resolution and budget authorization has been submitted.
- J.** Recommending that the Board authorize transfer and expenditure of funds in the amount of \$45,000 for 2005 CIP 510305 Parks & Recreation Master Plan Project, and for such purpose a resolution and budget authorization has been submitted.
- L.** Recommending that the Board authorize acceptance and expenditure of funds in the amount of \$10,225 for the FY2005 CIP 810305 VISTA Coordinator Project, and for such purpose a resolution and budget authorization has been submitted.
- M.** Recommending that CIP 411904 Project Safe Neighborhoods-Revision #1 and CIP 412004 Speed Enforcement-Revision #2 be extended from December 31, 2004 to June 30, 2005.
- N.** Advising that it has approved a request from the Airport Director to expend \$5,400 to purchase a used 1996 tractor to replace a 1979 International tractor that is used to relocate the airport’s portable snowmelters.
- O.** Recommending that a request for a sewer abatement for property located at 33 High Ridge Road be granted and approved in the amount of \$337.90, as recommended by the Environmental Protection Division.

### **COMMITTEE ON TRAFFIC/PUBLIC SAFETY**

- P.** Recommending that parking along Line Drive be limited to two hours by signage, and that handicapped parking will be limited to two permanent spaces with the ability of the Fisher Cats to place additional temporary handicapped parking signs out during games under the supervision of Police and Traffic Departments.

- R.** Recommending that regulations governing standing, stopping, parking and operations of vehicles be adopted and put into effect when duly advertised and posted.
- S.** Advising that it has approved Ordinance:  
“Amending Chapter 71: Snow Emergency Regulations, Sections 71.03 and 71.99 of the Code of Ordinances of the City of Manchester increasing the penalties for violation of snow emergency winter parking.”  
and recommends same be referred to the Committee on Bills on Second Reading for technical review.

**HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O’NEIL, DULY SECONDED BY ALDERMAN SMITH, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.**

- A.** NH Fisher Cats pole license petition for the installation of two (2) exterior electrical receptacles in the city-owned right-of-way at the entrance location of the new ballpark on One Line Drive and attached to two of the three Amoskeag light fixtures being reinstalled at this location.

Alderman Guinta stated I just wanted to know if there was a fiscal impact for this request now or in the future.

Mayor Baines called upon Mr. Sheppard to respond.

Mr. Kevin Sheppard, Deputy Public Works Director, stated I believe all that they are asking is to locate two receptacles which will be needed separately from the existing lighting and that will be their responsibility to maintain and pay for.

Alderman Guinta stated there’s nothing in the contract that requires us to do this and pay or maintain?

Mr. Sheppard replied no.

Alderman Guinta moved to approve the pole license petition under the supervision of the Department of Highways. Alderman Roy duly seconded the motion. There being none opposed, the motion carried.

- D.** Communication from the Executive Director of the Manchester Employee’s Contributory Retirement System updating the Board on the status of bills pending before the State Legislature.

Mr. Gerard Fleury, Executive Director of the Manchester Employee's Contributory Retirement System stated you should all be in receipt of my communications dated February 4, 2005...some of you may recall that I appeared before you on the 7<sup>th</sup> of December of inform you that there were two pieces of legislation being submitted to the New Hampshire House that would affect the City Retirement System. I promised at that time that I would obtain information on the cost of those benefits and also keep you updated on progress as the legislation moved forward. In the packet that you have before you tonight is a letter from the Consulting Actuary Gabriel, Roeder, Smith & Company that places a cost on one of the pieces of legislation designated House Bill 521 which would provide a medical subsidy for retirees of the City. The other piece of legislation is essentially one of housekeeping that is aimed at addressing things that have been discovered over time, conflicts in the law or to add clarity where ambiguity might have been present. With that I'll entertain any questions that you have on it.

Alderman Gatsas stated could you be a little bit more specific about what cost is.

Mr. Fleury stated this benefit would provide a form of assistance to individuals to pay their city-provided health insurance. Right now, if an individual retires from the City they remain on the City's rolls at their full expense. So, there is a deduction from their monthly retirement check, which is remitted to the City, so on the City's insurance cost it's a wash. Now, they're still actuarially subsidized in that the City's experience rate is four everyone regardless of age. So, what happens under that scenario is that young people that are part of your workforce are in essence subsidizing elderly people who would otherwise have adverse rate selection and have a higher premium cost. This particular benefit would provide an amount of money with a maximum of \$200.00 a month at it's inception and then that benefit would grow by four percent (4%) a year. In the first year of operation because there is no starting point as far as the funding is concerned the cost of that benefit would be \$1.205 million in round numbers.

Mayor Baines stated explain where that money would have to come from.

Mr. Fleury stated at the present time the City contributes an amount of money which is related to salaries for every individual that the City pays \$1.00 to there's a little under \$.10 cents that the City has to match for pension costs. So, the funding for that would come from two sources. One is that the employee would be paying part of this because their contribution rate is currently at 3.75% would go to 5.00% and then the balance of that cost would be absorbed by an increase in the City's contribution rate. Now, in total the cost of that program over a 30-year period would be \$17 million.

Mayor Baines asked how much on a yearly basis, Kevin, would you anticipate the City's contribution would increase under that scenario?



Mr. Clougherty replied as Gerry said it would be at the \$1.2 million the first year...

Mayor Baines stated that would be the total amount (appropriation) coming from the City.

Mr. Fleury stated I believe the \$1.2 million would also include part of the portion that the member is paying, so those individuals who are in the workforce now would be contributing that additional amount up to the 5.00% and that would be a reduction, in fact...the City is not bearing the full expense. One of the things that creates a higher cost, if you will, is this program would be available to individuals who are already retired albeit at a lower rate and also based on service credit, so that individuals with a shorter tenure wouldn't get the full benefit of this but nevertheless it does provide sort of a social benefit, if you will, that individuals that are currently retired that have never paid into this would be benefiting from it.

Mayor Baines stated we need to ascertain, obviously, looking forward for planning a budget over the next two or three years...could it be a million dollars impact on the budget.

Mr. Fleury stated \$1.2 million is the worse case scenario.

Mayor Baines stated that would be about \$.23 cents on the tax rate, Randy. For every property taxpayer in the City of Manchester would have to pay an additional \$.23, \$.24 cents to fund that obligation. Is that right, Kevin?

Mr. Clougherty replied yes that's it.

Mayor Baines stated I just wanted everybody to understand the ramifications of that.

Alderman DeVries stated the first bill that is under discussion which is HB 499...my question would be...is the treatment, are the benefits that you are pushing to employ in HB 499 similar to the benefits employed by the State of New Hampshire Retirement System? For example, would we be treating our employees the same as the State Retirement System or is it different?

Mr. Fleury replied I'm not exactly sure how to answer that. House Bill 499 is essentially a housekeeping measure. There are things that are presently wrong in our enabling legislation. We have a number of those things that were identified for clarification. One of the segments of the existing legislation does not clearly define participants in the plan and that's been a point of confusion and concern when you look at entities such as the City Library. We did some research going back, I believe, to 1857 to find the roots of the Library. We did a study on the City Charter and so on and determined with the assistance of legal counsel that the best way to clarify whether Library employees and I'm just using them as an example

whether they belonged in the plan was to clarify the definition of who the participants were. Everything we did in HB 499 is things of that nature.

Alderman DeVries stated I understand that portion of it, but I believe it also would expand the coverage to members of the actual...employees of the actual system itself and I'm just wondering if there is any apparent conflict of interest there by having employees who are involved in the administration of the...I understand they don't make policy, but they are involved at some point in the administration. So, to answer that question I was wondering does the State Retirement System allow its own members or employees to participate in their system?

Mr. Fleury stated okay I understand your question more clearly and the answer is yes. This clarification in the legislation would allow administrative staff of the Manchester Employees Retirement System to participate in the plan. Some of that is corrective. At one time, employees were allowed to...there was a change, there was some confusion over participation and whatnot...we believe this would clarify that point perspectively. To answer your question does that happen at the State level the answer is absolutely. There were definitions, I believe, it's in RSA 184 that defines participation in the New Hampshire Retirement System that was modified by design to clarify it so that employees of the New Hampshire Retirement System would continue to be able to participate in the fund. They had the same kinds of concerns and issues there.

Alderman DeVries stated additional questions if I might and now I'm turning back to the bill we were discussing previously, the HB 521...could you help me a little bit with the background and I've been reading the minutes but albeit they can be difficult to follow when you're not part of the discussion to follow through the minutes. Did you go through many different scenarios trying to come up with one that you felt your fund and investments could afford or how did you come up with the current scenario of increasing member contributions 1.5% and then the \$200.00 benefit level?

Mr. Fleury replied it's a very complex question. There was a lot of discussion. There were variations on what the benefit would look like, how it would be structured...there was a lot of concern over whether the benefit would be fair. It would be a presumption to say that this is perfect legislation. I don't know that when you're coming up with something as complex as medical subsidy that you can really define what fair is, but this sought to...after a lot of study, this sought to ensure that the funding mechanism would be appropriate and legal and we could do this within the auspices of the pension fund that it would affect a reasonable percentage of the population without rewarding people that had put very little into the plan. So, it was based on service credit and it sought to keep it within some definition of affordability because quite frankly there was awareness that if the benefit was too expensive that it wouldn't be affordable and that there is a finite amount of money that can be paid toward benefits for retirement related purposes and that if you're spending too much of that

on items such as health insurance that those funds are no longer available for other purposes such as cost-of-living and so on. There was a lot of very serious consideration.

Alderman DeVries stated one final question if I might because there is a lot of discussion at the State level with the State Retirement System that whether or not the stability of the fund has been for certain groups, at least, of employees has been hampered by some of the benefits they are trying to continue to pay. So, are you building anything in to your legislation that would allow some flexibility i.e., an increase in contributions by the members for times when your fund did not have the return of investments because the last thing we want is for our funds to become less stable than they are today and for our credit ratings to take a dive.

Mr. Fleury stated I think that we were able to learn some things from the State plan. As a matter of background I came from the State Retirement System and was there for over 20 years. There's some very philosophical differences between what is being attempted with HB521 and the way that the State established its plan. I could probably give a 3-hour dissertation on what those changes are but I don't think you're interested in that, but to answer your question are there certain safeguards to be sure that this isn't going to be some kind of Achilles heal. Knowing that that was a potential, I think, safeguards that from happening and in the State plan there was a very unfortunate situation where a number of years of downside on the investment coupled with the mechanism whereby that funding is accounted for worked against them. It would be speculation on my part but it would be a very unusual set of circumstances for it to have it reoccur here in the City.

Alderman DeVries stated I'll let somebody else ask a few questions.

Alderman Smith asked what is the minimum number of years a person would have to work to get his health insurance subsidy?

Mr. Fleury replied five.

Alderman Smith stated if it's less than 20 years, full employment how much would it cost to fund the insurance...only for employees who work full-time for 20 or more years.

Mr. Fleury stated if the individual worked for 20 years they would be eligible, at the inception of the program for a flat \$200.00 a month benefit. Over time that amount grows at the rate of four percent (4%) a year. So, if the legislation were to go through and perhaps I misunderstood your question so if I'm answering the wrong question, please stop me. So, if the legislation were to go through on day one and the individual with 20 years of service would...who retired subsequent to the inception of that legislation would be entitled to a \$200.00 subsidy. At the end of the year, it would be 104% of that, after another year is would be 104% of the 104, so it compounds at that rate. Now, for the individual who does

not retire right away and retires a few years down the road when that subsidy kicks in for them it isn't at the original \$200.00, it has been adjusted for inflation over time. It's on that basis that the actuary costed this out at the \$1.2 million for the first year with a \$17 million total cost over the 30-year period.

Mayor Baines stated so the City's contribution of \$1.2 million the first year would increase proportionally as well.

Mr. Fleury stated that's probably not the case, your Honor. I believe that the \$1.2 million is the worse case scenario. It's very unlikely that 100% of the eligible individuals would participate in it and there are many good reasons why that would happen. Some of these retirees still having a working spouse and economically advantageous for them to remain on that spouses coverage so they're not even going to take this benefit even though they're entitled to it.

Alderman Guinta asked can you tell me what the average retiree is paying per month in the premium cost. I don't know how you break it down. Do you have an average or are retirees broken down into different segments?

Mr. Fleury replied we would probably have that in our database but to be honest with you no that is not a number that I can answer off the top of my head. Bear in mind that that expense is not really a pension expense, it's an optional pass through for the pension fund because that pensioner is really telling us please give the City of Manchester an amount equal to the premium that I owe them for saying on coverage with them...that isn't in the pension fund and I'm not familiar with what those numbers are.

Alderman Guinta stated the figure that you used I think was up to...I think this subsidy would be up to \$200.00 a month, if I heard you correctly. So, it could be close to half per year of what a retiree is paying, is that a fair...

Mr. Fleury stated well you're retiree is going to fall into two different cost groups. I think it's important to recognize the fact that when an individual turns 65 the level of coverage that they require ceases to be like a single-person coverage and goes to a Medicare supplement and that Medicare supplement...my experience has been that those premiums vary quite a bit from one employer to another. I'm not sure what the City's rate is but it tends to be considerably lower than what the rate for a single-person coverage is. This subsidy is applied to anything that is in the form of a group environment, so if the person is less than 65 and they have single-person coverage that \$200.00 is applied against that. If they've got a lower cost from Medicare supplement that full amount is still applied or applicable to the Medicare supplement's cost.

Alderman Guinta stated so either way the benefit is going to go to the higher rate.

Mr. Fleury stated that is correct.

Alderman Guinta asked is it appropriate for this body to instruct the lobbyist one way or the other...rather than just monitor the bill is it appropriate that this Board direct the lobbyist to...

Mayor Baines interjected the Board can direct the lobbyist on any matter that's before the Legislature.

Alderman Guinta stated this hearing is in March as I understand.

Mayor Baines asked what's the date in March.

Mr. Fleury replied Friday, March 11 at 1:00 PM in the afternoon is the rescheduled date on HB521.

Alderman Guinta asked do we have another Board meeting?

Mayor Baines replied no, March 15.

Alderman Guinta asked do you have a position on this?

Mayor Baines replied I'm concerned about the cost. We're building budgets and with the constraints that we have going forward I'm concerned about a volatile number that really is an awful lot of uncertainty and we need to be very cautious with this legislation.

Alderman O'Neil stated am I correct, your Honor, with HB521 that it's enabling legislation.

Mayor Baines stated it would have to go to the voters, I believe.

Alderman O'Neil stated in order to go to the voters wouldn't it have to be approved...

Mayor Baines stated no it goes directly to the election in the fall.

Alderman Shea stated I just want to go back to your letter and I quote: "let me also take this opportunity to make it clear that the Manchester Employees' Contributory Retirement System takes no position on this legislation either in favor or in opposition since it is not our role to advocate." Since this is your position and the Trustees position who's asking for it.

Mr. Fleury replied there's a group of individuals within the City that constitutes an Advisory Group through the Retirement System Board of Trustees. If I can draw a parallel to the State

program for a moment where you have different constituencies...firefighters groups, police associations, teacher's associations, the State Employees Association...those bodies have a common bond and they have taken it upon themselves to have their role being one to advocate for benefits or to review benefits and look for change. There's no real counterpart to that here in Manchester because even though you have many people across various departments one of the things that certainly struck me when I came to the City was that there was a lack of a common bond. You might have individuals who work for the Highway Department or Parks and Recreation or the Airport or whatever and they were all employees of the City but absence some overall universal labor group or anything else there's very little affiliation and what has happened is that's created a demand for information about what's going on in the City pension fund and also a desire to feed back information and to let it be known that there are benefit enhancements that have been sought. That group was successful at identifying what they thought was a next step in legislative enhancements and were able to find a sponsor from the City delegation to introduce a bill and our role at the Pension Fund is simply to keep everybody who has a stake in this process informed as accurately as possible with what's happening and when it's happening. But, the legislation was introduced by this broad coalition of employees from across the City.

Alderman Shea stated you mentioned funding mechanisms, is this the only proper funding mechanism because it's going to have a noticeable impact on the City budget...not only in the 2006 budget but in the two thousand whatever...7, 8, 9, 10...is there some way that it is possible to build up some sort of a subsidy on the part of the people that are interested in this before the City begins to make a decision regarding it's full participation, is there any way, is there no way...I know that there is a competent type of relationship from 3.75 to 5.0 but before that is transacted or in the process is there some way that there can be some kind of an understanding...as it is now I'm speaking for myself...there is no way that a person representing all the people in Manchester that I would support this because I don't really think it's fair, but I don't think that there isn't another way to do it...possibly less of a contribution on the City's part, I think the City would be willing to do certain things but is there any other way...you haven't looked at that, I guess it's all or nothing in this regard and then kind of pick up the pieces after and see what's left or what.

Mr. Fleury stated there are a number of possibilities that can exist but unless you have the right combination of elements available at a given time some of those options are not viable. Let me again take an example of how medical subsidies were established at the State back years ago. At one point, the State Pension Fund was funded to about 130% of present value of assets and they took that opportunity to take a one-time write down which suddenly made millions of dollars available to be able to fund some kind of enhanced benefit. At the City Pension Fund, right now, we're funded to 80+/-%...we'll know in another week or so what the new valuation, what that exact number will be. But, taking a one-time write down on assets is not a viable option for us, that is one way you could do this. The other way that you could do it is to dramatically reduce the tail of the benefit...you'd be asking people to pay

into something with the individual who retires next week regardless of how much service they have would not have accrued any kind of a benefit. There would be nothing there for them because there hasn't been a sufficient amount of time for that asset base to build up and anytime that you're making a benefit available, almost immediately, but you're having to accrue for it over time you may have to carry that liability, that present value of that benefit flow...that's the real onus in this case and that's where that \$17 million figure comes from. So, you really have an obligation to reflect the cost and in order to mitigate the cost you'd have to mitigate the benefit to the point that you'd have people saying why are we bothering.

Alderman Shea stated in the State subsidy are police, fire, teachers...they are using their own money aren't they. They're not asking any community to give them money, they have contributed their own money to a funding that has grown in benefits.

Mayor Baines stated there's no State subsidy to the pensioners, is that the essence of that, Alderman.

Mr. Fleury stated there's a great deal of unfairness in the State program. A person who worked in the State program for 19 years, 11 months and 14 days gets nothing. They work that extra day to get them up to the point that it rounds to 20 years and they get a subsidy. So, even though everybody pays into it you've got a large portion of individuals that receive nothing.

Alderman Shea stated I understand that part.

Mayor Baines stated that's all we're discussing.

Alderman Shea stated what I'm saying in this case is that the people who are in favor of this are asking this to be subsidized by people who are not going to benefit. In other words, in the case you gave me that's up to that individual person to make that decision. But, in the case of other people that work as a firefighter, as a policeman, as a teacher they contributed towards their retirement and also if they are taking advantage of a medical subsidy they aren't asking the public to contribute towards it, am I correct in that regard and that's the differentiation that I see between this when you're saying a City employee works 20 years and they're going to have a \$200.00 medical subsidy but it's going to be paid for by Mrs. So-and-So who has never or will never benefit from this particular type of medical subsidy. We're asking people who live in the City, who will not benefit to help out people who work for the City for 28 years and I don't oppose all of this, but I oppose the fact that it's going to cost a lot of money in our tax rate.

Mr. Fleury stated, Alderman Shea, I don't disagree that the taxpayer in Manchester is being asked to provide a benefit, a kind of benefit that they themselves absent employment with the City will never derive any benefit from. As to whether that exists for your teachers, your

firefighters, your police officers there's a very complex funding mechanism...you're paying some very high employer rates for some of those people through the New Hampshire Retirement System and I can guarantee you that there's a component of that cost through the State's "special fund" that's providing that subsidy...you're paying for that, for your teachers and your police officers and your firefighters but it's done in such an obscure way that it's not conspicuous.

Alderman Shea stated so you're saying that the average taxpayer does contribute in whatever way, somehow.

Mr. Fleury stated in my opinion I would say that that is the case.

Alderman Gatsas stated that fund was set up with overages from 9% in excess of whatever was earned...put into those funds so that those funds were available for teachers, for firefighters and for policemen...that is how that fund was set up when it was at 130% those funds were drawndown so that those retirees would have the benefits of health insurance, that was done through the Retirement System so there are no tax dollars that are being paid into that fund, those were excess dollars that were earned in the fund and was a one-time write down.

Mr. Fleury stated I am not here to defend or debate the statutory construction of the New Hampshire Retirement System my only rebuttal to that would be that if that were absolutely the case that the employer rate would be different and the existence of a floor contribution because of the existence of the special account complicates matters...

Mayor Baines interjected but the bottom line is the taxpayers of the City of Manchester are being asked to contribute something to fund this system that it has never been asked to fund before and the worse case scenario on a yearly basis it could be \$1.2 million which means a property tax increase to every single citizen in the City of Manchester, those are the facts and we can vote however we want but those are the facts without debating the systems.

Alderman Garrity stated, Mr. Fleury, when you sat down here tonight you said you weren't going to take a position, I believe in your testimony that you have.

Alderman Lopez stated I've sat in on many of these discussions with the Advisory Board and the Retirement Board executives when they presented it the last time. One of the questions that came up...how much does it cost...for a single person it's \$411 for BlueChoice, \$821 for two, \$1,009 a month for a family. So, let's take as an example two since the individual retired...some of the retirees receive their check and come down and pay for their insurance and it's not enough. I think in the meetings that I have attended and maybe you can correct me if I misunderstood something here...Manchester probably has one of the lousiest systems for retirement for people who put in 20 years or service. I'm not too sure about the 5 and 10



years you have here but I'm working on 20 years because you've already indicated to me that at the State a person can have 19 years and not get anything. So, I think it's a lousy system that Manchester employees got themselves into years ago and when a retiree retires after serving the City of Manchester all that time...no employer that I know of does not give some type of subsidy...we as Aldermen get subsidies and Public Service and all of the other corporations get subsidies, so I think the right of the Retirement Board has the right to submit the bill. The employer is the people of Manchester and the process is if they can get it passed or whatever they want to do up at the State and amend it, it's not the Aldermen who are going to decide the fate of whatever it is; whether it's a high of \$1.2 or whether it's a low of \$500,000...it could be because a lot of people might not take it as you indicated. So, the employer is the people of Manchester and it's up to the employees if the bill passes in whatever form and shape is to educate the people of what it would cost and if the voters of Manchester decide that it's unfair for those who have given 20 years or service if that's where it comes out, of loyal support to the City of Manchester that they want to give \$200.00 to those who are retired then I think that's the way we should go and let the process move forward.

Alderman Guinta stated there's a couple of concerns I have and I want to remark on some of the comments that were made by Alderman Lopez. This would be required to go for a vote, however, the people in this room who are the ones responsible for setting, spending and the tax increases in the City. So, I think that we do have a responsibility to address this before the Legislature acts on it. At the very least the Legislature should have the benefit of our opinion as the elected officials in the City. If they still want to move forward with this legislation that's up to the Legislature, but I think that we do have a responsibility to convey an opinion...two points that I think are very important to note...the first point is in the letter signed by you (Mr. Fleury) that refers to this as "an unfunded liability" and I've heard a lot of people in this room talk about unfunded mandates whether it's state mandates or federal mandates...we complain and rightly so for a lot of those unfunded mandates, that's what this is, but right now it's called an "unfunded liability". So, make no mistake the City will be responsible for a portion of the funding. Secondly, in terms of who is entitled to this benefit it doesn't start with a 20-year employee of the City. It starts with a member who retires with less than 10 years or service and I think you had said five years "shall receive 25%"...so, someone who works for the City for five years can get 25% and it incrementally increases from there. And, there's a third factor that I think is important...the base amount shall increase by 4% beginning January 1 or each year in the year 2007. So, you're building in a 4% increase for the foreseeable future. We're asked to support that today, we're asked to support what's going to be at least up to \$1.2 million...if it passes I assume it would be effective upon passage or 60 days thereafter...that could be an additional one percent (1%) on the tax rate. So, I think at the very least we have an obligation to our constituents to explain to the Legislature how we feel about the bill. I think that there are budget concerns already that we're facing as a City and at the very least we should wait to see what the Mayor's budget proposal is going to be before we include this. Unfortunately, his proposal

is going to come out after the hearing on the House side for this bill. I think that we should convey a position, I think we should do two things. I think we should ask the lobbyist to oppose it and I think that we should indicate that we are opposed to it and I would so make that motion.

Mayor Baines stated I will finish the discussion before I take a motion because I think there's another pertinent conversation based upon what you just said and I was discussing it with the Finance Officer...if it were to take place 60 days after its passage we've already passed the budget process and I think what we do...in going back what Alderman Lopez said, I think he has some merit there...there may be a bill out there...if we sign on and craft it so that it fair to both the employees and fair to the taxpayers because I think there is some merit into that argument especially in this area that we're in with people struggling especially some of them...that's it they pay their bills and they don't have any additional money, so I think that might be the direction to go if we come out in opposition to this bill to sit down and help craft something that's more realistic to address this issue and the times that we're in.

Alderman Roy stated while I agree with quite a bit of what Alderman Guinta said the effective date of this is effective 90 days after the election certified by the Clerk, so it would be in the middle of our fiscal year. The other problem that I have with this is quite a few of the assumptions in the letter...the actual dollars of this are \$17, 015,508...how the letter came up with the \$1.2 million was amortized over 30 years, so we're looking at funding not only this generation but the next with this liability, so I'd like to make my colleagues clear that we're not just talking about \$1.2 million, we're talking about carrying that out over the next 30 years through the assumptions of 7.5% and growth of 4%...30 years is a long time to talk about the taxpayers.

Alderman Gatsas stated to go back to where the Mayor was going about looking to craft some legislation did your actuary do any numbers based on the employee contribution being 5%.

Mr. Fleury replied not that was not the case.

Alderman Gatsas asked the reason why?

Mr. Fleury replied it wasn't requested.

Alderman Gatsas asked what did this actuary cost to have it done? I assume the Retirement System paid for it.

Mr. Fleury replied yes, Alderman, I don't know what the cost is off the top of my head.

Alderman Gatsas stated as one Alderman I would ask you to go back and have your actuary take a look and see where he took the entire 5% contribution from and what that would mean...you left it as the same 200%, 4%.

Mr. Clougherty stated part of the issue that the Trustees is that the responsibility of the Trustees is to oversee the administration of the fund and to make sure that the dollars that are collected are in accordance with the plan as adopted. It's not the role of the Trustees or the fund necessarily to pay for actuarial studies for different scenarios. If the Aldermen want to undertake such an analysis it would probably be at the expense of the City to do that. Now, the actuary will perform it if you'd like but I think you'd have to ask the Trustees...and, Gerry, you may want to chime in on this, but I think the Trustees would say that that's a cost of the City. This actuary report as I understand it, Mayor, was done as part of the annual report that he does it was not a special type of thing that was done, so it was at minimal cost. To go out and do additional scenarios may be something that the Trustees would be able to afford to pay for.

Alderman Lopez stated I think it's important...I would hate to see a motion go on the floor tonight and just kill something that...Kevin's a Trustee, the Mayor's a non-voting member...I really think that just to kill something for the sake of killing something instead of wrapping it as we've had other situations I believe that actuary could tell you what the 5% is. I think there was some discussion about that at that meeting...I might be wrong but I don't think so. I think he did bring it up but the direction that the Executive Board was starting to go in was this direction, so let's not say that things can't be done...

Mayor Baines interjected the Advisory Board...

Alderman Lopez stated the Advisory Board and the actuary were there...we were part of the...the Advisory Board and the Executive Board were there when the presentation was made and this is the direction that the Executive Board decided to go with in submitting this bill. So, I think there needs to be some discussion for the sake of understanding before we turn around and send something up and say we don't want this. If we don't want this, what don't we want about it. If we don't want the 10-year category...if that's our recommendation on the bill that we're not in favor of anything but 20 years and get some information on the number of people that the actuary did say the cost to participate in this program. I think a lot more discussion before we just kill something.

Mayor Baines stated, Kevin, could you just clarify the process though as how the bill is advanced.

Mr. Clougherty stated the Advisory Committee as Gerry explained earlier was the mechanism for bringing forward the legislation much the same as the unions and the labor groups that's bringing the legislation forward at this time.

Mayor Baines stated it's not the Trustees.

Mr. Clougherty stated no, it's not the Trustees. But, once legislation is introduced and the Legislature does ask for a fiscal analysis much the same as at the State they'll ask the Retirement System to do a fiscal analysis as well. But, it happened that it was done at the same time we had to do our annual valuation. The Board of Trustees has not taken a position on this because they have to remain neutral to administer it and it's difficult for the Mayor and I to speak on these things because as Trustees we don't want to violate that position that the Board has taken. The issue though of providing services to your employees is something that has some merit. There are some things...there may be some mechanical issues with respect to this but there are costs that have to be evaluated beyond, I think, just what's presented here and the actuarial. What is going to be the result of how the Board is going to deal with this. Could it be an incentive for early retirement, what are the benefits for that turnover, how are those factored into this and the cost. If there's a change in the plan and it's put into legislation and it's adopted it becomes part of the plan document and it is then very, very difficult to change. It would have to go back to a referendum piece unlike the State system, which would just require an action by the Legislative body. So, you have to evaluate a number of different features that are involved in this legislation on a number of different levels and we can talk about a lot of those, I know there's a time constraint here. The hearing is when, the 11<sup>th</sup> and that's in the House and that's the first hearing. It would still have to be heard in the Senate after that.

Mr. Fleury stated that is correct but I have not seen any evidence that that's been scheduled yet.

Mr. Clougherty stated if it were the intention of the Board to try and get a better handle on what are the issues pro and con surrounding this type of approach the Trustees may not be able to do it but that might be something that Randy or somebody else could do that I can't because of my position as a Trustee and if that's something that the Board is interested in evaluating the bigger picture of then we could try to have something for your for a meeting before the hearing.

Alderman Shea stated we've debated this a long time but if and when a motion to take a roll call vote on whether we support is made we should keep the issue separate...there are two bills HB499 and HB521 and obviously we shouldn't, in my judgment, group them together. We should indicate whether we support 499 or don't support and 521 either support it or don't support it. That is what I feel we should do.

Alderman Gatsas stated, Kevin, if we took the accrued liability based on a 30-year projection, if we took that accrued liability and made it current, bonded for it and paid over

30 what would that cost. Obviously, if we were funding it, right, if we were funding it at 100% and then paying it off on 30...it's certainly not going to be \$1.2 million.

Mr. Clougherty stated one of the things when Scott was speaking earlier we talked about GASB 4745 and that very issue...a lot of the cities and towns in Massachusetts are trying to deal with that unfunded liability in the way you're suggesting is not being met very well by credit rating agencies. The use of pension obligation bonds when we used them in the State and City here was for a small terminal group, it was for the Old Pension System...we knew how many people were in there, we knew what the liability was, it was for this open-ended \$17 million that could grow or based on asset allocation that is going to change over time. So, that's not being recommended.

Alderman Gatsas stated we just did that at the State level on the Judicial Retirement System on a \$34 or \$40 million accrued liability and with the lesser expense...

Mr. Clougherty stated it's a lesser expense but it's probably going to have a longer profound effect on your credit rating, not the way to do it, Alderman. If you're going to do it, do it the right way and fund it. That is not what the rating agencies are looking at. But, again, that is one of those issues if you want to get a fact sheet that looks at pros and cons of different approaches and get that before you we could do that in a relatively short period of time.

Alderman O'Neil stated I agree with Alderman Lopez I think we need more information. I don't think it's do or die having served in the Legislature that we take a position at the first hearing which will be March 11 there will still be time for the City to take a position in my opinion. So, I go in the direction of the Finance Officer where he said that somebody from his staff could maybe help put together a fact sheet on some options here and I think we have time to take this up in March.

Alderman Smith stated I think there's a lot of questions here and there's a lot of people that are involved directly on this Board that will not be able to participate in a vote and I think it's so important to our employees and so important to our City with the cost, I would suggest that we have a special Aldermanic meeting on it.

Mayor Baines stated the week before our regular meeting.

Alderman Smith stated that would be sufficient to me.

Mayor Baines stated just so you know there are a number of us, I can't vote because I'm on the Trustees and I can't vote because I'm part of the system and there's a number of us that can't even vote on this issue, so it is a very difficult situation.

Alderman DeVries stated as the Finance Officer advises his staff and maybe asking in addition to the assets that we can identify such as early retirement benefits and such that maybe somebody take a look at limiting the benefit to only 20-year tenured employees as opposed to the breakout that has been proposed vested at five years, 25% payable at 10 years...just so we have a comparison if it is less expensive to make this a benefit, at least initially, only to a 20-year service employee. It would be more worthwhile information for us at that meeting when we...I would make that motion that we...

Alderman Lopez moved to table the item. Alderman Porter duly seconded the motion. Roll call vote was taken. Aldermen Roy, Sysyn, Osborne, Porter, O'Neil, Lopez and Smith voted yea. Aldermen Guinta, Shea and Garrity voted nay. Aldermen Gatsas and DeVries abstained. Aldermen Thibault and Forest were absent. The motion carried.

Mayor Baines stated we're going to follow-up with the staff, Mr. Fleury and the Finance Office and do some analysis and come back to the Board and then we'll talk about a special meeting before the hearing.

Alderman Lopez asked one other thing. When we have a meeting of the Board of Mayor and Aldermen could the Advisory Board be here.

Mayor Baines stated we could invite them.

Alderman Porter asked what analysis specially are we going to be receiving?

Mr. Clougherty replied my understanding, Alderman, is that you're going to receive an analysis that is going to talk about the pros and cons of the approach, what are some of the issues that are involved and what are some of the things that need to be considered by the Board to make their decision.

Alderman Porter asked the pros and cons from whose point of view and for what purpose? Kevin, when you say pros and cons based on what?

Mr. Clougherty replied what they're going to do is take and do a list of all of the issues that are associated with a pension based health insurance...what are some of those issues with respect to the accounting that you heard a little bit about earlier this evening, some of the issues with respect to timing and flexibility with changing those benefits moving forward, what are the relative costs and ranges that could be impacted here and what are some of the other issues that go hand-in-hand with such a benefit. For example, early retirement incentives and things like that.

Alderman Porter stated that is also what I'd like to get into because I think that the potential for early retirement for individuals could certainly have an impact on some of the pros and cons.

Alderman Gatsas in reference to HB499 stated there is no fiscal impact.

Mr. Fleury replied HB499 is not expected to incur any particular cost. It clarifies statutory conflicts, it removes obsolete requirements...for example, we have a requirement that if a member is going to do a permissive service purchase plus elect to do so six months before they retire and the reasons cited for it so the administration can have time to do the transaction...we do that in an afternoon, it's purely legislation. So, there are some things like that that we've identified and it's essentially housekeeping.

Alderman Gatsas asked does this piece of legislation have to go before the voters?

Mr. Fleury replied no it does not.

Alderman Guinta stated I want just one clarification. The information that we're going to receive is relative to HB521 or is it going to also be expanded into other potential options.

Mayor Baines stated I think we have to look at the bill because we have to take a position on the bill and that's my understanding.

Alderman Guinta stated that's what I'm trying to clarify...solely on the bill.

Mayor Baines stated if there is some way we can put the figures together to associate with Alderman Gatsas' question that would be fine.

Mr. Clougherty stated we'll take as broad a look as you can at the issues as possible.

Mayor Baines recessed the regular meeting.

Mayor Baines called the meeting back to order.

7. Mayor Baines presented the following nominations:

**Elderly Services Commission:**

Dr. Daniel Waszkowski to fill the unexpired term of Dr. Mary Anne Totten, term to expire January 2006.

**Board of Adjustment:**

Cynthia Gaffney to fill the unexpired term of Colin Egan, term to expire March 1, 2006.

**Manchester Development Corporation:**

Joan Bennett to succeed Richard Charpentier, term to expire March 11, 2008;  
James Hood to succeed Charles Hungler, term to expire March 11, 2008; and  
John (Jack) Brady to succeed Richard Fradette, term to expire March 11, 2008.

Alderman Smith moved to suspend the rules and confirm the nominations as presented.

Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

Mayor Baines stated for information purposes only I am appointing the following individuals to the Comprehensive Economic Development Strategy Committee (CEDSC) which is necessary in order to oversee a local planning process and to qualify for funding from the U. S. Department of Commerce's Economic Development Administration

Robert Jolley, Julie Gustafson, Stephen McMahon, Yvette Marquis, David Preece, Richard Webster, and Ann Phillips

**Report of the Committee on Community Improvement:**

- K.** Recommending that the Board authorize acceptance and expenditure of funds in the amount of \$219,800 for CIP 613205 Downtown & Economic Strategies Report, and for such purpose a resolution and budget authorization has been submitted.

Alderman Gatsas stated I'm looking for some sort of clarification of what that is because it really doesn't explain it when you go to K.

Mr. Robert MacKenzie, Director of Planning, stated this is two studies that have, I think, originally were requested by the Board. One is to develop a new strategy for the downtown...the last one that was done was the LDR Study in 1993, so that is now 12 years old and the other proposal is to develop a city-wide economic development strategy and that's called "A Strategy for the New Economy".

Alderman Gatsas asked how much are each one of them?

Mr. MacKenzie replied the Downtown Strategy is proposed to cost \$140,000 and the New Economy is proposed to cost \$105,000.

Alderman Gatsas asked where are those funds coming from?

Mr. MacKenzie replied there's really four funding sources: the MDC is kicking in \$75,000; we received a grant from the Economic Development Administration for \$62,000; \$65,000 would be from the AirPark monies which is earmarked for economic development; and the final piece of the funding is roughly \$62,000 from CIP HUD monies.



Alderman O'Neil moved to accept, receive and adopt the report of the Committee on CIP.  
Alderman DeVries duly seconded the motion.

Alderman Guinta asked, Bob, do you know how much the LDR Study cost?

Mr. MacKenzie replied I don't know the exact numbers but it rings that it was about \$150,000 back in 1992.

Alderman Guinta asked when was the last time a city-wide development strategy was done?

Mr. MacKenzie replied I don't think there has been other than the CEDS annual report. I don't remember any city-wide economic development strategy.

Mayor Baines called for a vote on the motion to accept the report. There being none opposed, the motion carried.

**Report of the Committee on Community Improvement:**

- F. Recommending that the Board authorize acceptance and expenditure of funds in the amount of \$2,000,000 for CIP 730201 Property Acquisition Project, and for such purpose a resolution and budget authorization has been submitted.

Alderman Gatsas stated just an explanation of the \$2 million.

Mr. Kevin Dillon, Airport Director, stated this is really an administrative matter...we're trying to clear up the CIP authorizations that we have. As you know the Board voted to allow the Airport to acquire the Summit properties. In the Property Acquisition Program for the Airport under CIP we only have \$5,250,000. With the other property acquisitions we made principally on Brown Avenue we increased the authorization limit in CIP, so the \$2 million will allow us to complete some of that acquisition.

Alderman O'Neil moved to accept, receive and adopt the report of the Committee on CIP.  
Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

**Report of the Committee on Traffic/Public Safety:**

- Q. Recommending that the Board approve a five-year agreement between the City of Manchester and Cameron Real Estate, Inc. for leasing parking spaces in the Victory Parking Garage as enclosed herein, and that the Mayor be authorized to execute same subject to the review and approval of the City Solicitor.

Alderman DeVries stated dealing once again with the Cameron Real Estate request to have priority in placement for future parking needs that they would have and I would apologize, due to illness, I could not attend the Traffic Committee meeting last Tuesday I believe it was evening...so, I apologize to the Committee that I was not there to voice issues at that time.

My opinion of this contract that this is not a guarantee that we will maintain full occupancy of the building but in fact it is more of a use management agreement to allow the occupant of the building to better utilize his own cash flow. I'm not opposed with the final resolution in terms of the contract, what I am very opposed to is the two additional terms. This is a 5-year contract with two additional 5-year terms tagged onto it where if that employer wants to continue his first option on those parking garage spaces he will have that for 15 years. I do not believe without the results of the parking study that is still out...I don't think we can predict 15 years from now that we want to be giving away those parking garages, I think it's foolish for us to enter into a 15-year agreement today. I would ask that we drop the two additional terms and leave the contract for five years as it stands and if it makes sense in five years they can come back and ask us for another ten years.

Alderman Sysyn stated those are options that he can...

Alderman DeVries interjected that is correct, so he can extend for 15 years without coming back to this Board or seeking any other form of approval.

Alderman Sysyn stated I don't think it should change, I think it should stay as it is. We voted on in in Committee.

Mayor Baines asked could be get a motion to get this on the floor, so we can deal with it.

Alderman Sysyn moved to accept, receipt and adopt the report of the Committee on Traffic/Public Safety. Alderman Roy duly seconded the motion.

Alderman DeVries stated once again we are going to meet the agreement as it stands, it's only the additional 10 years of the term. I think we can reevaluate five years out where the City is, what new projects have come into the City, what demands we have on parking and at that point in time decide if it is still prudent for us to go forward locking up parking spaces in a very critical garage downtown.

Alderman Shea stated just the definition of "option" could you define that, Mary, he has to come back again?

Alderman Sysyn stated he has to come back and say I'd like another five years, but it's an option.

Alderman Shea stated I'm not quite surely exactly...

Mayor Baines stated let Mr. Arnold explain that.

Deputy City Solicitor Arnold stated I think the option is drafted so he merely has to notify the City that he'd like an additional 5-year term and he would receive it.

Alderman Shea stated so he just notifies the City and if he says that he wants that additional five years or ten years the City has to comply or does the City have an option to say to him we don't want to give you that other five years or so forth.

Deputy City Solicitor Arnold stated under this agreement all he's have to do is make the request and he would be entitled to the additional five years and there are two 5-year options, so at the end of the initial 5-year term he could make that request and he could also make the request at the end of 10 years i.e., at the end of the first 5-year option.

Alderman Roy stated I believe a gentleman from Cameron Real Estate is here. Would it be appropriate at this time to just ask if we remove the two additional 5-year option terms if that has any effect and he would just have to go through this process every five years. I just want to expedite this.

Mr. Charles Denault, Cameron Real Estate, stated the difficulty with five years is that typically a lease is longer than five years or if you're so lucky a lease can be longer than five years. So, if we were to enter into a lease now that would be a 5-year lease it would tie in perfectly to the commitment we would be giving to them to have the first priority rights on the parking would work out perfectly. But, as I say, in three years from now were we putting a tenant into the building...the tenant may be coming in with a 5-year lease, they would be in a position of where they would only know that they could have parking for two of the years...that's going to have an impact on their decision to go into that space.

Alderman Roy stated correct me if I'm wrong but if you entered into a 5-year lease and someone took spaces and paid the permit fee or through your company paid the permit fee to Traffic they would keep that until they gave it up or gave it back to your company...so, I can only see that happening if the 5-years coincides directly with your 5-year lease on the priority. I don't see how a rolling five years makes a difference.

Mr. Denault stated I guess maybe the way I'm interpreting the comment was is that you may decide how there's change how you may want to use the garage. So, it could be that at the end of that period you may decide that you don't want to have any monthly's...I don't know with the traffic study or the garage study is...and I'm told by our leasing agents that being able to tell them that the garage is there...currently, we've got guaranteed spaces or there were under the former 20-year deal, but it becomes more of a marketing tool to help people get over the concern of what would they do with the employees when they park downtown. Obviously, whatever the Board wishes to do we would be at your pleasure and we appreciate whatever courtesy you give us.

Alderman Porter stated in any business deal there are two parties concerned. What is the City getting for you to have the privilege of tying these spaces up for 15 years, are you paying anything up front?

Mr. Denault replied first of all we're not tying the spaces up. The spaces in the garage are rentable by you to anyone that comes along. We're only in a position that we get on the waiting list and if there is a waiting list...there currently is not...but, if there were a waiting list we would have to have the right to go to the front of the waiting list. So, what the City gets is the benefit of (1) tenants that come into our building renting spaces that are available; (2) it brings people downtown because if our building doesn't have tenants then there's less people down in the downtown area.<sup>3</sup>

Alderman Porter stated I guess my question is simply...is the City getting anything up front...yes or no.

Mr. Denault stated under this agreement no.

Alderman Lopez stated I believe that there was in the original agreement that you would pay a premium for a space up front but the committee decided not to charge you with that, is that correct?

Mr. Denault replied the original agreement did not have a premium. After the last Aldermanic meeting I believe you asked, Sir, that a premium be added and what we negotiated with the City Solicitor was that we would pay a premium of one month's rent every time we exercised the right for...if there was no waiting list we would not pay a premium. If there was a waiting list and we exercised our right and received a space within a certain time frame, I believe it was 120 days, we would pay a premium of one month's rent for exercising that privilege. The Traffic Committee decided that they did not wish to charge us a premium...

Alderman Lopez stated I agree also with Alderman Smith...as far as I'm concerned all of them should be leased over there if that's the case because I think what's going to happen down the road as we get more people that want parking spaces over there it's going to be phone call after phone call to your company and to Dick Anagnost who also has first priority over you because he proceeded to get that. So, everybody is going to be calling everybody and you're going to say hey, wait a minute I might need five spaces so don't give them up. So, I can see all this telephone and administration being tangled up. But, the Committee voted 5-to-1, I'm ready to vote and I know where I'm going.

Mayor Baines called for a vote on the motion to accept the Committee on Traffic report. The motion carried with Aldermen Shea, DeVries and Lopez duly recorded in opposition.

On motion of Alderman Lopez, duly seconded by Alderman Shea, it was voted to refer the following Resolution to the Committee on Finance:

“Amending the FY2000, 2001, 2002 and 2005 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Twenty Six Thousand Five Hundred Thirty Six Dollars and Forty Cents (\$26,536.40) for the 2005 CIP 511505 Gill Stadium Field Equipment Project.”

On motion of Alderman Shea, duly seconded by Alderman Osborne, it was voted to recess the regular meeting to allow the Committee on Finance to meet.

Mayor Baines called the meeting back to order.

### **OTHER BUSINESS**

11. A report of the Committee on Finance was presented recommending that Resolutions:

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Ten Thousand Two Hundred Twenty Five Dollars (\$10,225.00) for the 2005 CIP 810305 VISTA Coordinator Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Two Hundred Nineteen Thousand Eight Hundred Dollars (\$219,800) for the CIP 613205 Downtown & Economic Strategies Report.”

“Amending the FY2005 Community Improvement Program, transferring authorizing and appropriating funds in the amount of Forty Five Thousand Dollars (\$45,000) for the 2005 CIP 510305 Parks & Recreation Master Plan Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Six Thousand Nine Hundred Twenty Three Dollars and Eight Cents (\$26,923.08) for FY2005 CIP 411605 2004 Homeland Security Grant Program.”

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Fifty Thousand Dollars (\$150,000) for the 2003 CIP 712103 S. Mammoth Sewer – Phase 3 Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY2001 CIP 840001 MCTV-PEG Access Grant Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Two Million Dollars (\$2,000,000) for CIP 730201 MAA – Property Acquisition Project.”

“Amending the FY2000, 2001, 2002 and 2005 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Twenty Six Thousand Five Hundred Thirty Six Dollars and Forty Cents (\$26,536.40) for the 2005 CIP 511505 Gill Stadium Field Equipment Project.”

ought to pass and be enrolled.

Alderman O’Neil moved to accept, receive and adopt the report of the Committee on Finance. Alderman Lopez duly seconded the motion. There being none opposed, the motion carried.

- 10.** Report of Committee on Community Improvement recommending that Gill Stadium be taken out of the Enterprise system in fiscal year 2006 was presented:

Mayor Baines stated I would recommend that this be referred to the Committee on Administration/Information Systems and the budget process.

Alderman Lopez moved on the Mayor’s recommendation that the report be referred to the Committee on Administration/Information Systems and the budget process. Alderman O’Neil duly seconded the motion. The motion carried with Alderman Smith duly recorded in opposition.

- 12.** Report of Committee on Traffic/Public Safety recommending that Ordinance:  
“Amending Section 70.55 Residential Permit Parking, of the Code of Ordinances of the City of Manchester by adding a Residential Parking Permit Zone #5.”  
be approved; and further that the rules be suspended and the Ordinance be adopted February 15, 2005.

Alderman Sysyn moved to accept, receive and adopt the report of the Committee on Traffic/Public Safety. Alderman Guinta duly seconded the motion. There being none opposed, the motion carried.

- 13.** Ordinance:

“Amending Section 70.55 Residential Permit Parking, of the Code of Ordinances of the City of Manchester by adding a Residential Parking Permit Zone #5.”

Alderman Roy moved to suspend the rules and place the Ordinance on its final reading without referral to the Committees on Bills on Second Reading and Accounts, Enrollment and Revenue Administration. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

On motion of Alderman O'Neil, duly seconded by Alderman DeVries, it was voted that the Ordinance be read by title only, and it was so done.

This Ordinance having had its final presentation, Alderman Porter moved passing same to be Ordained. Alderman Smith duly seconded the motion. There being none opposed, the motion carried.

Alderman O'Neil stated occasionally we do something that helps out the average citizen here and that's what we just did.

**14. Communication from Kevin Dillon, Airport Director, requesting discussion with the Board regarding a \$10 million line of credit for Airport use.**

Mr. Dillon stated essentially what we're looking to do is establish a line-of-credit that would be dedicated for the Airport's use. The reason why we want to do that is that from time-to-time different opportunities present themselves to the Airport...for example, the Summit acquisition...we're presently making that acquisition with our own cash but that makes a pretty significant drawdown on our cash balance. So, we'd rather have access to a line-of-credit for those types of projects that really don't justify a bond issue because we wouldn't be able to justify the issuance cost. It's also needed to cash flow purposes at the Airport. For example, from time-to-time we'll have different significant capital project that we will ultimately fund out of our monies but the project may be needed to be done in the early part of the year and it's going to be paid off with revenues that will come in at the end of the year, so it's really a cash flow need. We, at the Airport, are trying to maintain an unrestricted cash balance of at least \$5 million. Five million dollars would represent about two to two-and-a-half months of operating expenses. Now, we do have a lot of restricted cash at the Airport...for example, we have a debt service reserve account, we have a coverage account and an O&M reserve account...to date total about \$28+ million. If you take that reserve cash and then look at what the Airport's cash balance is we would be left with about \$7 million. So, for example, if we went forward with a project like purchasing Summit, a \$6 million acquisition we'd be drawing our cash reserve all the way down to \$1 million. I don't really think that's an acceptable level of cash to have on-hand. So, the utilization in the line-of-credit would be only authorized through the Board, through a specific project authorizations or through general CIP authorizations. It's not that the Airport would just go in and utilize this money whenever they felt, it would have to be authorized through the Board. It actually would be handled through the Finance Office, Kevin's office would manage this account, but it would be dedicated for the sole use of the Airport. Tonight, we're not really asking for any specific action. The Airport would prefer to go to a local lending institution, however, the Finance Department has suggested that there may be the possibility that the City would act as the Airport's banker. Some of my concerns with that is that we want to make sure that there is no misunderstanding on the part of the general public

that the City is not actually funding the Airport. I know we spent a lot of time educating the general public on that point that there are no tax dollars that go to the Airport so we'd like to maintain that separation, but there may be certain cost benefits to having the City fund it. There may even be opportunities for the City to get some level of interest from the Airport so long as it would be below what the market rate is on the outside for FAA purposes. So, again, we're not asking for any specific action tonight, but we wanted to advise you before we started going out though and asking for proposals from banks.

Mayor Baines stated you would then be coming back to the Board at a later date.

Mr. Dillon replied that is correct.

Mayor Baines stated thank you for your report.

Alderman Shea asked where are you going to get the money to allow him...if he were to participate, do we have that much money. How are you going to do it, I'm in favor of it...

Mr. Clougherty replied again I think the point that Kevin is trying to make is that we want to go spend the next period of weeks to do an RFP so that we can get back with you and say these are the costs of the different approaches and make a good decision on which way to go there so that everybody knows what the financial impact is. So, at this point we are not advocating one way or the other until we can do all of the costing and lay it out in front of you. If it were to go through the City we'd treat it as an investment. Rather than investing in costs like that we'd provide the cash to Kevin and he'd pay back at interest rate.

- 15.** Communication from the Director of Planning & Community Development advising of important changes in federal funding to the City of Manchester should the President's budget proposal to Congress be implemented.

Mayor Baines stated this is just for informational purposes. I did get a summary from the U. S. Conference of Mayors that's in here delineating a lot of the possible situations but one of the things that we are concerned about because we have been getting less money on a yearly basis and may begin to impact our ability to fund non-profits even at the existing level. There may have to be some cutbacks and virtually impossible to add any new programs, so Bob if you could just brief us on this and what we're facing and there's some uncertainty out there right now.

Mr. MacKenzie stated I will be very short tonight but at some point perhaps a committee may want to look at this. In general, the President's budget is focused primarily on defense and Homeland security and is very hard on various domestic programs. So, it's not just HUD CDBG...we're right now apparently looking at perhaps a million dollar loss to the City just in the CDBG Program but there are a lot of questions about cuts in the Department of



Education they're eliminating some 50 programs. There's also cuts, for example, in the Airport Improvement Program which the City of Manchester has relied fairly heavily upon in the past for Manchester Airport. So, these cuts may total millions of dollars, it's hard to tell what the exact numbers are yet. A lot of the changes need legislation. A lot of the programs are being lumped together into larger Block Grants, but the funding is being reduced in total. So, I do think it is an issue that the Board should keep track of and at some point perhaps even speak with their Congressional Delegation on.

Alderman Lopez stated on that last note that we should get a hold of our Congressional Delegation, is there going to be somebody...with the different programs such as planning/education is there going to be somebody that's going to keep track of this so that we can have the right information of going to the Congressional Delegation.

Mayor Baines stated I'm going to be doing this with the U. S. Conference of Mayors. We get regular notification on what's happening, they urge us to send letters...immediately, however, I know Congressman Bradley is having a forum for the Board of School Committee, I think it's the first Saturday in April at 8:00 AM at the School District Office and we're going to be discussing, among many other issues, funding issues. So, that might be the first...Frank, do you know about this at all? It's April 7<sup>th</sup>, I believe, is that the first Saturday in April? But, certainly we'll invite the Board of Mayor and Aldermen to come as well and that will be a good opportunity for us to have a dialogue with the Congressman. He did respond very quickly to our request.

Alderman Shea asked would it be a good idea in future Aldermanic meetings to possibly, as a group, lend our support to certain projects that may impact our City?

Mayor Baines replied yes. We're concerned...the CDBG one that would be devastating to the City and it's impacting cities all over the country in a very bi-partisan way. Washington at the Annual Meeting...there was very serious concerns placed before people who came to speak from the administration. Another critical area is the Carl Perkins Grants that are received on the school side for vocational education. This budget, as presented, would be devastating to local communities. There is no doubt about it. However, we need to be patient with the process as well because oftentimes...it's similar to here. We make recommendations and there are changes in it but this could be a very significant impact on our budget and local property tax owners here in the City of Manchester.

Alderman Shea stated I think as a body here we should make our...what we reason as being important for the City to let our Congressional and Senatorial people know that it's going to have a serious impact.

Mayor Baines stated we're going to monitor this very closely and as Bob said we may just have a work session on federal issues with the Board, it's that important and I think it'll be

something I'll coordinate with you. By the way, that date is not accurate, so we'll get back to the Board the exact date of that meeting with Congressman Bradley.

- 16.** Communication from Attorney Kermit Zerr submitting a second request that the Board authorize Rene Soucy to include Map 861, Lot 25 in the variance application to the Manchester Zoning Board of Adjustment.

Mayor Baines asked, Mr. MacKenzie, do you have any information on this. We've already dismissed this issue before.

Mr. MacKenzie stated the Board has dismissed it after Lands and Buildings recommendation...the Board could either receive and file or refer this back to Lands and Buildings Committee.

Mayor Baines stated didn't we receive and file this the last time.

Alderman Roy moved to receive and file the communication from Attorney Zerr. Alderman O'Neil duly seconded the motion. There being none opposed, the motion carried.

- 17.** Communication from Steven Leraris submitting a resolution in support of voting rights for residents of the District of Columbia.

Alderman Lopez moved that it be referred to the City Clerk's Office.

Mayor Baines asked is that what you want to do?

Alderman Lopez stated they're in charge of the voting.

Deputy City Clerk Johnson stated they're looking for the Board's support.

Mayor Baines stated they're looking for support to gain voting rights for the people in the District of Columbia.

Alderman Shea asked do we ever support such a thing?

Mayor Baines replied it's a letter that came in, you get all letters.

Alderman Roy stated as I believe we can all take a stance on voting and voting rights for our constituents, I believe this maybe outside the purview of this Board to act and unfortunately I'll move to receive and file. Alderman Shea duly seconded the motion. There being none opposed, the motion carried.

**18. Resolutions:**

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Ten Thousand Two Hundred Twenty Five Dollars (\$10,225.00) for the 2005 CIP 810305 VISTA Coordinator Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Two Hundred Nineteen Thousand Eight Hundred Dollars (\$219,800) for the CIP 613205 Downtown & Economic Strategies Report.”

“Amending the FY2005 Community Improvement Program, transferring authorizing and appropriating funds in the amount of Forty Five Thousand Dollars (\$45,000) for the 2005 CIP 510305 Parks & Recreation Master Plan Project.”

“Amending the FY2005 Community Improvement Program, authorizing and appropriating funds in the amount of Twenty Six Thousand Nine Hundred Twenty Three Dollars and Eight Cents (\$26,923.08) for FY2005 CIP 411605 2004 Homeland Security Grant Program.”

“Amending the FY2003 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of One Hundred Fifty Thousand Dollars (\$150,000) for the 2003 CIP 712103 S. Mammoth Sewer – Phase 3 Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Fifty Thousand Dollars (\$50,000) for the FY2001 CIP 840001 MCTV-PEG Access Grant Project.”

“Amending the FY2001 Community Improvement Program, authorizing and appropriating funds in the amount of Two Million Dollars (\$2,000,000) for CIP 730201 MAA – Property Acquisition Project.”

“Amending the FY2000, 2001, 2002 and 2005 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Twenty Six Thousand Five Hundred Thirty Six Dollars and Forty Cents (\$26,536.40) for the 2005 CIP 511505 Gill Stadium Field Equipment Project.”

On motion of Alderman O’Neil, duly seconded by Alderman Roy, it was voted to dispense with the reading of the Resolutions by titles only.

Alderman Shea moved that the Resolutions pass and be Enrolled. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

**TABLED ITEM**

- 19.** Communication from Alderman Gatsas requesting a discussion and information regarding going out to bid to engage Bond Counsel for the City’s next contract and requesting the Finance Officer to provide information relating to the previous bidding process including documentation.

On motion of Alderman Gatsas, duly seconded by Alderman Shea, it was voted to remove item 19 from the table for discussion.

Alderman Gatsas stated I certainly would recommend that there's a bill in legislation right now for swap bonds and I think that we should get a written opinion from Bond Counsel on that legislation. Alderman Garrity duly seconded the motion. There being none opposed, the motion carried.

Alderman Gatsas stated I guess with a date certain because things linger here.

Mayor Baines asked how long would it take to get that?

Mr. Clougherty replied when's the hearing on the bill...has that been set? It will be before the hearing.

Mayor Baines stated...the meeting is the 15<sup>th</sup> of March.

Mr. Clougherty stated what I'm saying Alderman is if that swap legislation is going up beforehand we want to get it to the Board.

Alderman Gatsas stated I think the little chart you put together, Kevin, would tell you when those swap bonds are being heard.

Mr. Clougherty stated I just don't remember when it was, Alderman.

Alderman Gatsas stated it's a Senate Bill.

Mr. Clougherty stated I'll talk to them tomorrow and we'll coordinate that.

Alderman Guinta asked, Kevin, has a decision been made with respect to new Bond Counsel?

Mr. Clougherty replied yes.

Alderman Guinta stated can you tell me why you did not choose Ropes & Gray.

Mr. Clougherty stated as I explained in my letter to the Board there are really a couple of factors...one, pricing and two we feel it's good to change our consultants periodically whether that's auditors or financial advisors to have somebody else take a fresh look.

Alderman Guinta stated the firm you choose was out of New York.

Mr. Clougherty stated yes. Their offices are in the New Jersey and New York area. They're one of the established firms in the United States.

Alderman Guinta asked can you tell me the reason that the local New Hampshire offices didn't make the final cut?

Mr. Clougherty replied again there were a couple of offices that submitted proposals...it was the feeling of the Solicitor and myself in looking at them that they presented potential conflicts where they were representing other entities where we might have issues where we'd want our Bond Counsel to weigh in and second of all pricing.

Alderman Guinta asked can you just expand a little bit about the local firms. When you say pricing are you telling me that the New York firm is cheaper than any of the firms in New Hampshire.

Mr. Clougherty stated the firms that we...what we did here...you go through a 2-step process here and you evaluate them based on issues other than price. The conflict issues that I had spoken to earlier with respect to a couple of the entities, a couple of the proposers were not looked at and then when it came down to pricing the remaining locals that were involved in that group were higher than Hawkins by quite a bit.

## **20. NEW BUSINESS**

Alderman Lopez moved to take \$18,000 out of Contingency to complete the needed money for the equipment for Gill Stadium...with the \$18,000...if I may explain it once I get the motion on the floor I'd appreciate it. Alderman Smith duly seconded the motion.

Alderman Lopez stated as it was alluded to there was ninety something dollars...the Enterprise System has already paid \$31,000 for the lights and other equipment and Parks and Recreation is short \$44,000 as we have already approved \$26,000 and I'm making the motion this evening for the \$18,000 with the understanding that there are two items under that category which the Parks Director will be going to CIP to scrutinize to make sure that those two items are completely in line...there's the field stripping machine and the balloon tire tractor that the Director wants to make sure that the CIP understands everything and that we're ahead of it, so we want to approve, if it's okay with the Board for the \$18,000 so that will complete the needed equipment for Gill stadium.

Alderman Gatsas stated I guess I'm a little confused. How did they take care of Gill Stadium during this last baseball season with what equipment, none.

Alderman Lopez stated I think the Director should speak to that.

Alderman Smith stated I'll tell you it was Mickey Moused because they had to convert a payloader to do the job and if you had the proper equipment you probably could have got in done in two days and it took about five days and I'll let Ron explain the situation to you. I way over there when they took the mounds out and the bases and put the equipment in and it was quite a lengthy process.

Mr. Ludwig stated...Mickey Mouse, we made due with what we had, we had to, we had no choice. We were asked to go in there at the end of September when the Fisher Cats season ended and go in and excavate material out of the pitchers mound and I think a lot of people are under the impression that this is about a two-hour process to change over the existing baseball field to a football field, fill it back in with different aggregates, bring it back up to the level and zip this carpet in...it doesn't happen in one hour. It took us a couple of different tries with different pieces of equipment that we could actually use on the field which none of were recommended by the manufacturer, by the way, that could cause damage to the field. So, we took our best shot at putting the only equipment we had from the golf course to do the work at Gill but I would not recommend using that type of equipment on a continual basis on the synthetic grass.

Alderman Gatsas stated let me ask the question. Who did you advise that the manufacturer doesn't suggest using the equipment that you used on it and did somebody tell you to go forward and do that?

Mr. Ludwig replied no one told us to go forward, we just went forward and did it. We needed to make it a football field in two weeks.

Alderman Gatsas stated so nobody knew at this level.

Mr. Ludwig stated we did some things Alderman in terms of putting down plywood to protect the turf from the type of equipment that we used to excavate the material out of there.

Alderman Gatsas stated I wasn't coming after you, Ron, I guess my problem is is that this whole issue at Gill Stadium continues to rebound from when it first started and not having the proper equipment on turf that's only got an 8-year warranty and I guess the sooner that we button up this issue with Gill Stadium with this Baseball Committee...if we're ever going to meet again and I guess you said we're going to meet soon, I think it's important that we address some of those problems there so that we can get this behind us.

Mayor Baines stated I agree. Thank you very much, Mr. Ludwig and called for a vote on the motion to transfer \$18,000 from Contingency. There being none opposed, the motion carried.

Mayor Baines stated just one announcement I have and I'll include Alderman Shea...March 15 will be the 4<sup>th</sup> Annual Mayor's Blarney Breakfast from seven o'clock to nine o'clock at the Center of New Hampshire. I'm raising money for the March of Dimes and Special Olympics and our goal is to raise between \$40,000 and \$50,000 and it's within our sights and if you're interested please contact our office or Special Olympics New Hampshire right here on Elm Street. It's a fun event with good Irish music and good Irish humor.

Alderman Shea stated on February 14 the lobbyist came down and we had a meeting...Alderman DeVries was there along with Representatives from the Water Department as well as the School Department, Finance Office, Planning Board and we discussed different types of hearings that were appearing. This is a sheet provided for you...I really think that the lobbyist is doing a very good job. I know Mike Colby as well is doing an excellent job in putting this all together and I think, your Honor, if people are interested to see how this process works they're invited to the next meeting which will be on the day before your Blarney Breakfast which would be March 14 at 8:30 AM down at City Hall here and some of these items have already been killed, some of these items have been specified as being two or three...again, we're using the same process that we employed during the first time and many of the representatives from Carol Johnson who submitted a paper to the Water Department (Bob Beaurivage) was there and Dave Scannell and people come in from different departments making us aware of what's going on.

Mayor Baines stated I also appreciate Alderman Shea's leadership of that effort, as well. Representative Baroody has been in contact with our office and we're in the process of trying to schedule another Saturday morning meeting with the Delegation so that we will be able to follow-up with them as well. So, I agree with you this has been a great effort of everybody involved.

Alderman Lopez stated I just want to correct something for the record. First of all, let me thank the Aldermen for the vote and the equipment. But, this was referred to the Baseball Committee and we referred it to CIP and the CIP Committee handled it, so I just want to get that on the record. We've already talked about the equipment before, so we did take issue with it.

Alderman Porter stated I think we're about to embark on a major project in the City called revaluation. I ran into representatives from Visions and he indicated that the starting time would be somewhere around the 17<sup>th</sup> of this month. I guess what I'd like to see, I don't see any of the Assessor's here but to have something prepared for the public to inform the public

as to what's going to happen, when, where they're starting and what kind of timeframes to anticipate.

Mayor Baines stated we're already putting that together and we'll be coming to the Aldermen, so you should be receiving something and we'll also have a presentation at the meeting.

There being no further business to come before the Board, on motion of Alderman Smith, duly seconded by Alderman Porter, it was voted to adjourn.

A True Record. Attest.

City Clerk